



In-House Tax Forum

Why businesses need at least 2 years to implement mandatory B2B E-Invoicing in Belgium

The In-House Tax Forum ("IHTF") is an informal network of in-house tax experts focusing on Belgian, European and Global direct and indirect tax legislation and developments. The IHTF comprises tax experts from over 110 companies (Belgian, European and non-European, both listed and unlisted) out of various industries and employing over 165,000 employees in Belgium.

IHTF recommends

- **A minimum period of 2 years between**
- **the moment the law and the Royal Decree introducing a mandatory B2B E-Invoicing are published in the Official Gazette and**
- **the actual implementation of the mandate.**

The purpose of this position paper is only to argue that a minimum period of 2 years is required between approval of the law/Royal Decree and the implementation of the mandate. This position paper does not deal with the practical concerns and details businesses may have with regards to the functioning of mandatory B2B E-Invoicing.

In-House Tax Forum supports mandatory E-Invoicing and E-reporting

IHTF fully supports the idea of the digitalization and automation of processes incl. E-Invoicing and E-Reporting. The prerequisite is standardization and harmonization of processes that need to be offered to businesses operating in multiple countries, proportionality of the implementation with reasonable timelines offered to businesses for implementation.

Outlook in the European Union

Today, Italy is still the only country in the EU that implemented mandatory B2B E-Invoicing. Many Member States implemented mandatory B2G E-Invoicing. France and Poland will implement mandatory B2B E-Invoicing as of July 1, 2024. Only Italy, France and Poland received the approval of the Council (acting on a proposal from the European Commission) to implement mandatory B2B E-Invoicing as required by Article 395 of the EU VAT Directive 2006/112/EC.

Since the European Commission's proposal of December 8, 2022 on VAT in the Digital Age (ViDA), IHTF notices that many Member States (Germany, Croatia, Sweden, Spain, Romania, Bulgaria, Denmark, Slovakia, Slovenia, Latvia) announced to implement mandatory B2B E-invoicing in the coming years. Mandatory E-Invoicing for intra-Community supplies of goods and services will if the Commission's ViDA-proposal is adopted by the Council enter into force on 1 January 2028.

As of January 1, 2028, the ViDA proposal introduces the mandatory receipt of structured e-invoices by businesses and EU Member States can opt to implement mandatory B2B E-Invoicing for domestic transactions without approval of the European Commission (new version of Article 218 of the EU VAT Directive 2006/112/EC).

The Belgian draft law

The Belgian draft law provides for an introduction of B2B mandatory e-invoicing as from 1 July 2024 for businesses having a turnover of 9MIO EUR or more in calendar year 2023 and as from 1 January 2025 exceeding 700.000 EUR but not more than 9.000.000 EUR, excluding VAT in calendar year 2024 and on 1 July 2025 for all businesses.

This means that if the law is adopted e.g. on 1 July 2023 within less than 1 year business within the first category has to implement e-invoicing.

Governments should take the time to prepare mandatory B2B E-Invoicing



This period of 2 years should be preceded by a consultation period of about 1 year during which governments would issue a draft regulation and would collect input from businesses. This can be done via public consultation. We also recommend direct interactions with a few companies under CDA, including representatives of small businesses. The intent is to collect as many business scenarios as possible to ensure smooth implementations.

Businesses need time to implement E-Invoicing

A period of at least 2 years is required to ensure a proper and compliant implementation of a mandatory B2B E-Invoicing mandate without any risk for a business disruption. The 2 years period is required to manage the different stages towards the implementation of E-invoicing in a business environment.

As a summary, the 2-year period is required for:

- *Introduce law, Royal Decree, technical requirements, guidelines and FAQ's. Educate and discuss the legislative framework to the businesses (12 months)*
- *Testing: Authorities should make test environment available to businesses and provide technical support (6 months)*
- *Pilot: Organize a pilot with voluntary incentivized participation (6 months)*

The launch of mandatory B2B E-Invoicing should be gradual/in phases depending on taxpayer size (at least 12 months), with free tools/web portals offered to SME's. Post implementation, authorities should organize and maintain technical support services to businesses.

How do businesses implement E-Invoicing?

Businesses will only start a project and mobilise people and in house or external resources for this - once the law is adopted. Therefore, the implementation deadline can only start from that point in time.

Businesses need the time to consider the following steps to implement E-Invoicing:

- **Research and understand of the legislation**, the law, the Royal Decree(s) and technical requirements. Businesses need time to digest the legislative framework and eventually engage with consultants to understand and interpret it. Next to understanding the Belgian legal environment, businesses need to consider the legislation in the European Union and any upcoming developments as well. Throughout the implementation processes, businesses may be confronted with specific business and systems circumstances which are not well defined in the legislation.
- **Determine the scope of the E-Invoicing implementation:** Identify the departments, suppliers, customers, and types of transactions that will be covered by E-Invoicing.
- **Analyze the current invoicing process:** Document the current invoicing process, including manual and electronic steps. Businesses may have already implemented E-Invoicing concepts which may be continued or may not applicable any longer. Depending on their internal organization, many organizations work with different ERP systems due to a variety of business units, as result of M&A's, etc
- **Assess the readiness of your organization:** Determine the technical and operational capabilities of your organization to implement E-Invoicing.
- **Choose an E-Invoicing solution:** Select an E-Invoicing solution that meets the needs of your organization and complies with legal requirements.
- **Update the accounting program:** If necessary, update the accounting program to fit with the chosen e-invoicing solution
- **Choose an E-Invoicing service provider:** E-invoicing (and E-reporting), requires in many instances the involvement of one or more 3rd party E-invoicing service providers. This includes scanning of the potential service providers, understand their approach to e-invoicing, the support services and tools they can offer, etc. E-Invoicing service providers need to be evaluated for the quality of their services, the strength of their tools and reports, their agility on an ever-changing landscape, the security of data, the cost picture and many other parameters. See also "[What are the criteria to select an E-Invoice Service provider?](#)". Note that in many countries, E-invoicing service providers also need to go a lengthy procedure to get a certification by the (tax) authorities. Businesses may only be able to select a service provider once the certification

process is finished. Majority of companies will go through a bidding process which is very strict in terms of content and deadlines and will take 3 to 6 months.

- **Make the budgets available:** Implementation of E-Invoicing and digitalization and automation of processes comes with a huge cost. Businesses need to run an in-depth analysis of the costs associated to the implementation of e-invoicing, both the set-up cost and ongoing running and maintenance cost. Annual budgets may be impacted and considered in the overall financial outlook of an organization.
- **Develop a project plan:** Develop a project plan that outlines the implementation steps, timelines, roles, and responsibilities.
- **Assign a project team:** Assign a team to manage the E-Invoicing implementation, including representatives from IT, finance, and procurement. Businesses are confronted with many changes in their ERP systems due to internal business developments as well as external legislative developments. On the latter, many countries are considering implementation of E-Invoicing and/or E-Reporting, without minimal potential for standardization and reapplication. Each country defines its own scope, timing, technical formalities etc. On top of Indirect Tax developments, business are confronted with other legislative changes as Pillar 2, Country-by-country reporting, environmental taxes and many more changes which also require involvement of IT people and other resources. Business should be able to properly plan their limited resources to ensure a staged implementation of all developments.
- **Create an E-invoicing policy** and communicate it to all stakeholders.
- **Conduct a pilot test with a small group of suppliers or customers** to test the E-invoicing system.: It is highly recommended that the implementation of a mandatory E-Invoicing concept is preceded by a test period or a period where E-Invoicing is optional under the planned framework. In this test period, beyond the technical aspects, key business processes should be tested Evaluate the pilot test results and make necessary adjustments.
- **Configure the E-Invoicing solution (for the pilot and for the go live)** to meet the needs of your organization. This requires several successive steps
 - Step 1: Matching and Mapping of all business scenarios in scope (+/-2 months)
 - Step 2: Develop & construct (+/- 1.5 months). this includes define data requirements, including mandatory and optional data fields
 - Step 3: System Integration testing (SIT) (+/- 1 month) a high level testing in our test environment to ensure that the E-Invoicing solution functions as expected and meets the legal requirements.
 - Step 4: User acceptance testing -UAT) and defect resolution (+/-2 months) . this is an in-depth test that simulates what we expect the process and solution would go through in a production environment by the key user. This includes a non-negative impact test and stress test where required.
 - Step 5: Move of change to production environment and production cut over planning (+/- 1 month)
- **Communicate the implementation plan:** Communicate the implementation plan to all stakeholders, including suppliers, customers, and internal departments.
- **Provide training:** Provide training to employees, suppliers, and customers on how to use the E-Invoicing solution.
- **Develop templates:** Develop templates for E-Invoices that meet the legal requirements and include the necessary data fields.
- **Define approval workflows:** Define approval workflows for E-Invoices, including who is responsible for approving invoices and the approval process.
- **Reengineer invoice receipt, control and booking process and tools.** This might include an integration with ERP and accounting systems: This is where the main benefit from businesses will come from.
- **Define payment workflows:** Define payment workflows for E-Invoices, including how payments will be processed and when they will be made.
- **Interoperability of formats:** Depending on the legal framework and the options of the format of an E-Invoice offered to businesses, the receipt and the submission of different E-Invoicing formats needs to be considered. Businesses may struggle to convert the different E-Invoicing formats into format which is readable and can be processed in their systems, hence the need for an European standard approach
- **Monitor and measure performance:** Monitor and measure the performance of the E-Invoicing solution to identify areas for improvement.
- **Address issues:** Address any issues that arise during the implementation and operation of the E-Invoicing solution.



- **Continuously improve:** Continuously improve the E-Invoicing process based on feedback from stakeholders and performance metrics.

Timeline of implementation of E-Invoicing and E-Reporting in other EU Member States

A few examples of timelines observed around the world.

In France, there was first mention of E-Invoicing in the Finance Bill 2020 ([link](#)), which was proposed on September 27, 2019. Both France and Poland had to seek the approval of the European Council to implement E-Invoicing as per article 395 of the EU VAT Directive 2006/112/EC. The European Council has given France and Poland the approval respectively on 25/1/2022 and 17/6/2022 to introduce E-Invoicing from 1/1/24 ([link](#)) This means that the European Council has imposed on those countries to provide at least 2 years between approval and implementation. Poland has further postponed it for another 6 months at the request of the business.

Hence, in both countries company had at least 2 years to introduce E-Invoicing. The approval by the European Council was preceded by a period of about 2 years to outline a clear legal framework.

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