



# Public procurement – EU rules on electronic invoicing in public procurement (evaluation)

**Pagero response and additional feedback**

## On behalf of Pagero Group

Nazar Paradivskyy  
VP Regulatory Affairs (global)

Mobile: +46 (0) 72 002 83 11  
[nazar.paradivskyy@pagero.com](mailto:nazar.paradivskyy@pagero.com)

# PAGERO

Box 11006, SE-404 21 Gothenburg  
+46-10 457 68 00  
[info@pagero.com](mailto:info@pagero.com)

# Executive summary

Pagero Group (“Pagero”) welcomes the opportunity to respond to the European Commission’s (“Commission”) public consultation “Public procurement – EU rules on electronic invoicing in public procurement (evaluation)”.

Pagero believes that the introduction of the Directive 2014/55/EU has had a significant impact on e-invoicing adoption in the Union, both specifically for B2G transactions and overall for B2B. One cannot underestimate the effect of the introduced harmonization and standardization efforts.

As outcome of the evaluation, we believe that the Commission could be less modest if revising the Directive and propose more far-reaching changes aimed on harmonization and standardization, such as extension of the EN 16931 or introduction of eDelivery Building Blocks, as the market has become more mature to take the next step within the e-invoice digitalization journey.

We stand ready to provide any further insight to the Commission, should you decide to contact us.

Yours sincerely,

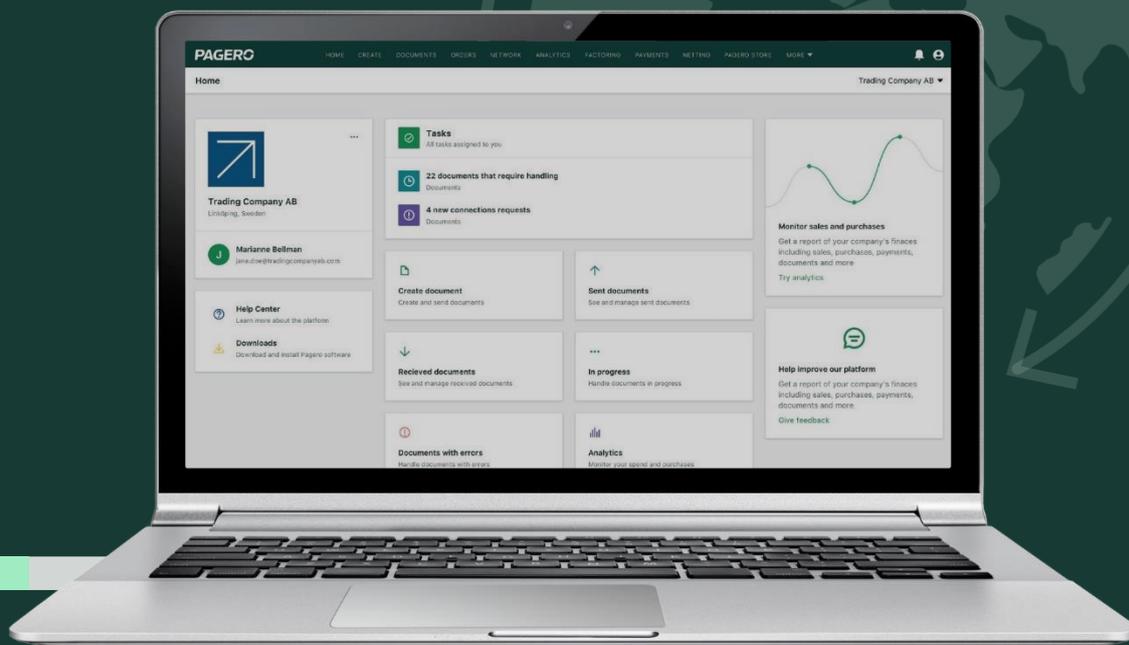
A handwritten signature in blue ink, appearing to read 'Nazar Paradivsky', with a long horizontal stroke extending to the right.

Nazar Paradivsky, VP Regulatory Affairs

13<sup>th</sup> April 2023

Gothenburg, Sweden

*Please note that Pagero is a member of various industry associations including but not limited to [EESPA](#), [OpenPeppol](#), [NEA](#), [FNFE-MPE](#), [VeR](#). Where opinions presented in this response differ from submission from any of these associations, Pagero’s position expressed in this paper should take precedence.*



We believe buying and selling should be easy.  
That's why we are building the world's largest  
open business network.

With our cloud-based network, you can reach  
any business, anywhere in the world – no matter  
how many borders your operations may cross.

**One connection – global reach**

# Table of contents

Executive summary .....	2
Pagero comments .....	5
E-invoice definition .....	5
Adoption of EN16931 .....	6
Adoption of e-invoicing for B2G transactions.....	6
Minimum transmission standard .....	7
Adopted e-invoicing models .....	8
Adoption of e-invoicing for B2B .....	9
Other concerns.....	10

# Pagero comments

Please consider our detailed feedback on some of the key areas relevant for the evaluation of the Directive 2014/55/EU in light of the “VAT in the digital age” (ViDA) proposal, the EU standardization strategy, and the eDelivery Building Block.

## E-invoice definition

Pagero welcomes the fact that the Directive 2014/55/EU has introduced a new definition of the electronic invoice as exclusively based on structured formats, as this is the only way to fully unleash the potential of digitalization.

Unfortunately, this definition was not aligned with the Directive 2006/112/CE, which allowed any electronic format. In practical and technical terms, this has caused some friction in the market since then, where while some forces advocated for the definition outlined by the Directive 2014/55/EU, others preferred to stick to PDF and similar image-based formats.

In this context, some interest groups have even created the so-called “hybrid formats”, most notably Zugferd and FacturX, where structured invoices are embedded within PDFs. We believe that the potential allowance to use of such formats with legal effect should be carefully scrutinized by the Commission.

**Desired outcome:** we see two notable desired outcomes in this respect:

- 1) Alignment with ViDA, where under both only structured electronic invoices should be considered for both fiscal and procurement purposes. In this respect, alignment is primarily required from ViDA's perspective.
- 2) Special attention should be brought to the use of so-called “hybrid formats”, as use of the hybrid invoice poses both legal and technical uncertainty for businesses:
  - a. Legal uncertainty. Legally, it is not clearly defined which PDF or XML part of a hybrid invoice would prevail should there be a discrepancy in the content. This poses significant legal and tax uncertainty for businesses.
  - b. Technical uncertainty. Currently, there are 6 different versions and profiles of these hybrid invoices which are not interoperable, which means that businesses need to clearly agree which profile they will use and obtain the necessary technical capabilities, often multiple to support all these profiles.
  - c. We therefore urge the Commission to either ensure that this practice is discontinued or the necessary legal and technical certainty is brought around the matter.
  - d. See analysis below (Picture 1) conducted in 2019 by Pagero and Deloitte Germany in respect of Zugferd 2.0.

## True e-invoicing is essential for your business

More control and possibilities to support data accuracy and VAT compliance

An electronic invoice is an invoice that "has been issued, transmitted and received in a structured electronic format, which allows for its automatic and electronic processing" (Directive 2014/55/EU)

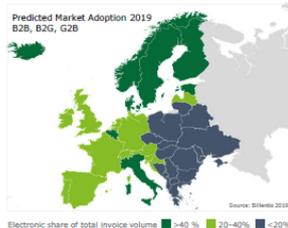
**Shift towards „true“ e-invoicing in the EU**  
The VAT Directive (Directive 2010/45/EC) allows invoices to be issued in any electronic format for VAT purposes. According to the Procurement Directive (Directive 2014/55/EU), only invoices in structured format can be considered as valid e-invoices.  
A true e-invoice is an invoice that is issued, received and processed electronically. It is digital from its creation in the financial system by the issuer, until it is received, processed and archived by the recipient. True e-invoicing is electronic throughout the entire invoice life cycle.

**Value of structured data**  
Structured data are indexed, organized and, therefore more manageable and easier to analyze. Implementing a data management strategy for structured data increases transparency, data completeness, risk control and cost savings:

- Greater flexibility for invoice amendments in order to fulfill mandatory regulatory requirements, both VAT and Procurement
- Legibility requirements (readability for human eyes) can be fulfilled with default functions in ERP systems (e.g. PDF creation) or by e-invoicing service providers or by using a free tool provided by KoSIT.
- Compliance with VAT regulations
- Compliance with data privacy regulations of GDPR
- Electronic and automated invoice processes can result in savings of 60-80% compared to traditional paper-based processing.
- No need and expenses for scanning and OCR solutions

**E-invoicing infrastructure**  
PEPPOL is a set of artifacts and specifications enabling cross-border eProcurement. It provides a set of technical specifications that can be implemented in existing eProcurement solutions and eBusiness exchange services to make them interoperable between disparate systems across Europe.  
According to the IT Planning Council, a public e-invoicing platform for automated data exchange should at least offer PEPPOL capabilities.

"The IT Planning Council has currently approved only XRechnung as EN compatible format."



	XRechnung	ZUGFeRD 2.0
IT Planning Council approved	✓	✗
Compatible with EN 16931 on e-invoicing	✓	Only profiles EN 16931 COMFORT and EXTENDED
Format availability of structured invoice	UBL and CII	CII
No risk of parallel invoicing (e.g. hybrid invoices)	✓	✗ (Two invoices per transaction, XML and PDF)
Live testing performed	✓	✗
B2G	✓	✗
B2B	✓	✓

**Our service for you**

At Deloitte we advise our clients in planning and implementing a data management strategy and selecting an appropriate format for e-invoicing in order to fulfil both regulations and ensure data accuracy and VAT compliance. Pagero builds the world's largest, open business network for order-to-cash, purchase-to-pay and freight processes, to give you regulatory compliance, data accuracy, transparency and real-time visibility. All this through a single connection. Deloitte and Pagero provide solutions for seamless integration of true e-invoicing and help businesses and governments effectively and efficiently modernize their invoicing services and systems.

**Contact**



**Bernd Duscha**  
Director  
Indirect Tax – Tax Management Consulting  
Tel: +49 (0) 211 8772 3112  
beduscha@deloitte.de



**Jan Philip Spieckermann**  
Manager  
Indirect Tax – Tax Management Consulting  
Tel: +49 (0) 211 8772 5043  
jspieckermann@deloitte.de

Deloitte 2019

Picture 1. Overview of Zugferd, prepared by Pagero and Deloitte Germany.

## Adoption of EN16931

Establishment of the European Standard EN 16931 (based on UBL 2.1 specifications) as the minimum standard that must be accepted by all Member States (along with potentially offering domestic alternatives) has been a key enabler for the adoption of B2G (and to some extent B2B) e-invoicing across the Union.

**Desired outcome:** if EN 16931 should be used as well for B2B e-invoicing, in its current form it will not be sufficient to cover all necessary business scenarios. We therefore urge the Commission to task CEN to update, and where needed, reform the standard so that it becomes a true facilitator and not a hindrance for businesses in implementing the standard for B2B e-invoicing. This mandate should include continuous updates and improvements of EN 16931. Note that in our opinion EN 16931 should remain as the minimum common denominator that everyone must adhere to, however, does not have to be exclusive.

## Adoption of e-invoicing for B2G transactions

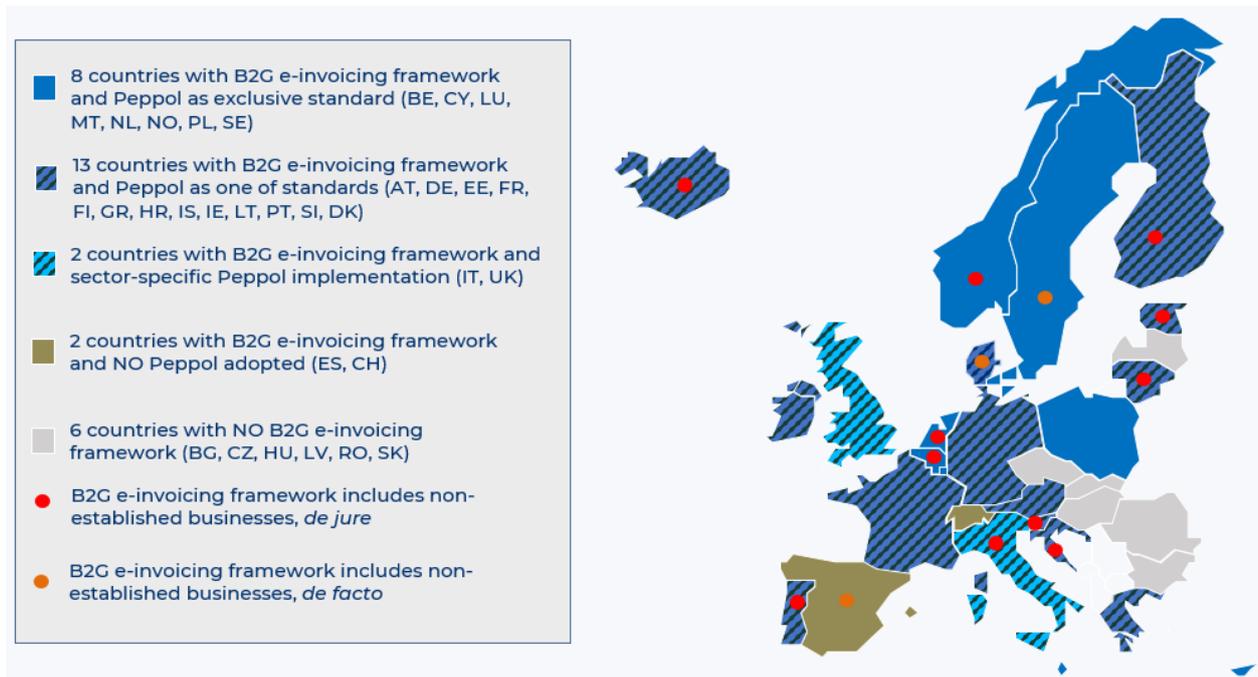
Most Member States have transposed the Directive 2014/55/EU and put forth the necessary additional legislation to enable B2G e-invoicing.

While the Picture 2 below provides further details, one can collect Member States into 3 groups:

- 1) Those who failed to implement Directive 2014/55/EU,

- 2) Those who implemented Directive 2014/55/EU only for the contracting authorities, and
- 3) Those who implemented Directive 2014/55/EU as well towards the suppliers to the contracting authorities. It is primarily this group of countries who have seen the real increase in adoption of e-invoicing for B2G and B2B transactions.

There are many reasons as to why the adoption rates differ from country-to-country. Some of these reasons are quite generic, while in other situations they can be country-specific.



Picture 2. Adoption of B2G e-invoicing and Peppol across EEA. Created mid-2022. Source Pagero.

**Desired outcome:** the Commission should take action against Member States that to-date have not enabled B2G e-invoicing compliant with the Directive 2014/55/EU.

## Minimum transmission standard

While the introduction of EN 16931 by Directive 2014/55/EU has been quite revolutionizing, the Directive has not introduced any minimum common standard for the transmission of invoices. As a result, we have Member States where API is the only offered, or planned to be offered, mechanism to transmit or exchange e-invoices between the suppliers and contracting authorities. Such examples include, but are not limited to, Spain (B2G platform developed), Romania (B2G platform developed), and Slovakia (B2G platform under development).

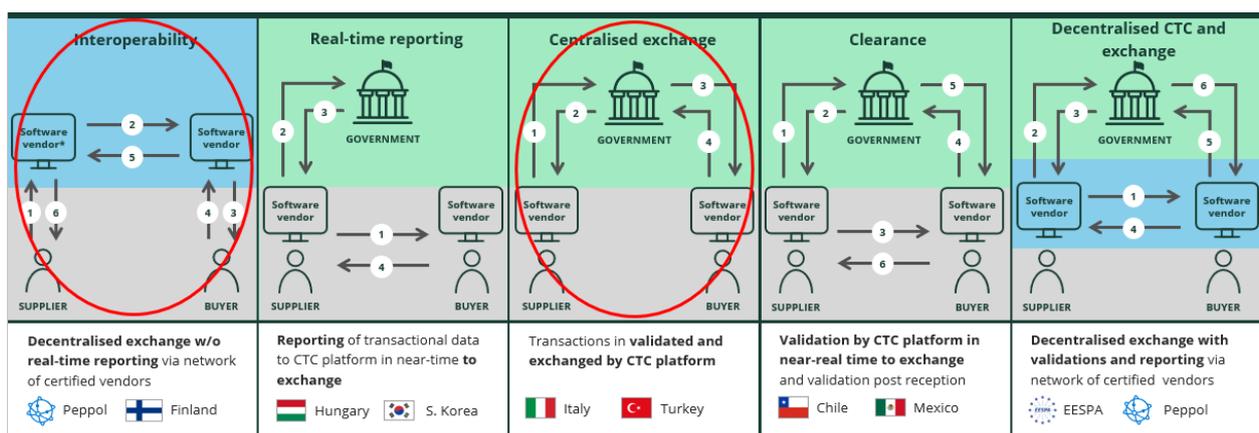
A much better approach would have been if multiple transmission mechanisms were offered. Germany is a very good example here, as their regulatory framework states that all Bundesländer (states) are free to offer any transmission method they prefer, provided they ensure that B2G e-invoices can be transmitting over the Peppol Network.

**Desired outcome:** similar to the introduction of EN16931, Pagero believes that eDelivery Building Blocks or Peppol should be imposed as the minimum transmission standard that must be ensured by all Member States if other transmission mechanisms of their choosing are to be offered. We believe as well that – similar to reference to EN16931 – ViDA should refer to eDelivery Building Blocks or Peppol as the minimum common standard that every Member State must offer for the communication with their DRR platform or for transmission among businesses, should an e-invoicing obligation be introduced for domestic transactions. Note that in our opinion eDelivery should be implemented as the minimum common denominator that everyone must adhere to, however, does not have to be exclusive.

## Adopted e-invoicing models

When analyzing e-invoicing model adopted by Member States, one can conclude that 2 models have been predominant:

- 1) Interoperability (4-corner). Typically based on Peppol, where each contracting authority could pick their own AP, e.g., Sweden, UK (non-EU now), Ireland.
  - a. Exceptions, Finland and Denmark, who have domestic interoperability standards.
- 2) Centralized Exchange. Here one can find two variations:
  - a. Connected to Peppol (most common), e.g., Belgium, Netherlands, France, Croatia, Slovenia. This approach also arguably falls within the 4-corner approach, as the supplier is free to select their own AP for the data exchange.
  - b. Not connected to Peppol (rare scenario), e.g., Spain. This approach can certainly be classified as 3-corner model.



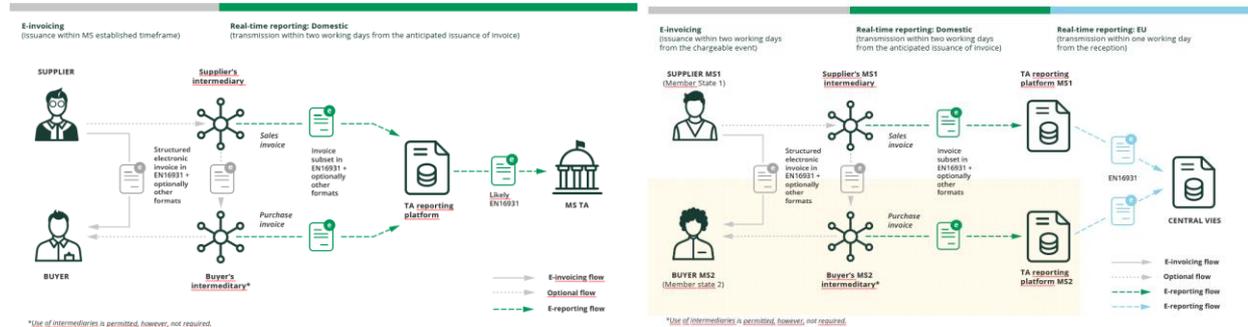
Picture 3. Main e-invoicing and CTC models and their adoption for B2G e-invoicing purposes across EEA. Source Pagero.

**Desired outcome:** Pagero believes that in order for Europe to fully realize the goal of electronic invoicing becoming the norm rather than the exception, the EU must embrace the concept of the “5-corner network” which is set out in the [Peppol CTC Reference Document](#) and the [expert paper on Decentralized CTC and Exchange](#). In this context, most present B2G e-invoicing

implementations (those based on 4-corner model) could relatively easily be embedded within this approach. The exceptions would be 3-corner approaches such as Italy, Romania, Slovakia (upcoming), which would require further discussions and elaboration.

### E-invoicing and DRR: Domestic scenario

### E-invoicing and DRR: Intra-EU scenario



Picture 3. Pagero's understanding of data flows and standards in the context of VIDA. Source Pagero.

## Adoption of e-invoicing for B2B

It is difficult to quantify the adoption of "true" B2B e-invoicing in the Union, as this data is hard to track. With that said, however, Norway is probably the best example where >95% of all e-invoices (both B2G and B2B) are exchange over the Peppol Network. The total share of e-invoices in the country significantly exceeds other types of invoices such as paper or PDF. Adoption of the same standards for B2B as for B2G e-invoicing would greatly benefit uptake of B2B e-invoicing of the former.

As you might be aware of, several countries outside of the Union, such as Australia, Japan, and Singapore, have chosen Peppol as their B2B e-invoicing adoption route.

### World map of OpenPeppol membership (42 countries)

Peppol

Armenia	Lithuania
Australia	Luxembourg
Austria	Malaysia
Belgium	Malta
Canada	Mexico
China	Moldova
Croatia	Netherlands
Cyprus	New Zealand
Denmark	Norway
Estonia	Poland
Finland	Portugal
France	Romania
Germany	Singapore
Greece	Slovenia
Iceland	Spain
India	Sweden
Ireland	Switzerland
Italy	Turkey
Japan	UK
Latvia	Ukraine
Lichtenstein	USA

■ Countries with Peppol Authorities and Certified Service Providers  
 ■ Countries with Certified Service Providers  
 ■ Countries with other member types

*Picture 4. Peppol adoption globally. Source OpenPeppol.*

**Desired outcome:** eDelivery or Peppol is established as the minimum common denominator transmission and exchange standard within the Union (along with allowing Member States to introduce other standards of their choosing), as this will facilitate international trade with other countries that are adopting the same standard.

## **Other concerns**

One of the greater concerns in the context of the Directive 2014/55/EU has been the introduction of additional non-standard technical or establishment requirements by Member States. We feel that there is still significant room for the Member States to introduce such additional requirements that might create and cement market divergence.

We would therefore urge the Commission to provide additional wording to prevent this from happening. A non-exhaustive list of examples of such practice variation includes:

- Ongoing variation among Member States' transpositions of Art 233 of the VAT Directive as it regards assurance of integrity and authenticity of invoices.
  - For example, electronic signatures are mandatory for B2G e-invoicing in Italy and Spain, whereas the VAT Directive lists 3 equal alternatives and thus e-signatures may not be mandated. The most practical implication of such requirements is the increased cost on businesses.
- Requirements for service providers to meet additional non-invoicing related or local establishment requirements.
  - For example, under the upcoming B2G e-invoicing obligation in Greece, such e-invoices can be issued and submitted to the contracting entities exclusively by service providers accredited under the local myDATA accounting and reporting schema. Firstly, as the rule, service providers are not within the accounting business, which disqualifies probably more than 95% of existing service providers. Secondly, in order to even be eligible for such accreditation a service providers must be established in Greece. Effectively, this market is locked for non-Greek and non-accounting specialized software providers.

