Response Number 1074

Q.1 What are your views on the proposal to introduce real-time reporting for B2B and B2G transactions?

Real time report is great as long as VAT only has to be paid when businesses are paid by their customers. The invoiced amount should be recorded as a potential VAT liability, but should only be paid when customers pay their invoices. Otherwise it can cause serious cash flow issues for businesses, especially when customers are late paying their invoices.

Q.2 What matters should be considered in planning for a transition to a new VAT Reporting system?

The definition of what constitutes an valid electronic invoice has been drafted to exclude the most common means of exchange invoices between businesses which is invoices sent by email in PDF format.
The reason given for this exclusion is that data cannot be extracted electronically from them.
While that is correct for OCR based systems, an Irish company has developed a non-OCR based solution that extracts data from PDF invoices with 100% accuracy. This technology produces comprehensive electronic data that is as accurate as data formats such as those developed by PEPPOL
It also avoids the need to make changes to ERP and accounting software. An example of why this is important is that a major retailer in Canada had an issue with the EDI file they were receiving from a German supplier. The issue is that 'restocking' charges that were applied by the German supplier were not included in their EDI output, and it required software development and 1 year to make a change. However, the data was available on the PDF output from the ERP system, so the German supplier switched EDI off for their client in Canada and now uses PDF to send invoices to them because it didn't require a software change to their ERP system.

Q.3 If your business is currently subject to a VAT reporting programme in another EU or non-EU country, can you please share best practice, recommendations or lessons learnt?

Make it easy for businesses to submit VAT data electronically without implementing a clearing system. Simply provide a secure Endpoint and allow businesses to submit VAT returns in JSON format.

Q.4 Have you any observations, concerns or recommendations on a move to mandatory electronic invoicing for B2B & B2G domestic VAT transactions?

The EU framework excludes PDF invoices because OCR technology is not 100% accurate.
However technology has evolved significantly since the EU embraced PEPPOL and an Irish company can extract data from PDF invoices with Zero Errors with an advanced technology that doesn't use OCR. It can then output the data in any electronic format required with 100% accuracy in real time.

Q.5 Revenue is particularly interested in hearing views from businesses that are already engaged in eInvoicing Public Bodies within Ireland or engaged in B2B eInvoicing throughout Europe and beyond. How did you prepare and what challenges prevailed in your preparations for eInvoicing?

We were involved in a PEPPOL pilot project as a PEPPOL access point with [redacted].
Despite proving that data could be exchanged electronically with other PEPPOL access points the project did not go live.
There are substantial challenges with implementing a standard. I was involved in a project in the construction industry that tried to deploy an invoice standard but it was unsuccessful.
The concept of B2B eInvoicing works fine in a retail environment with standard products, but is far more complex to implement for non-standard products and services.
In fact, the current PEPPOL standards are evolving to incorporate industry-specific add-ons but that has

significant implications for businesses that supply across multiple industries.
Having been through projects in North America, dealing with cross-industry suppliers and trying to push through change is a significant challenge.
It is a far better approach to use up-to-date technology to make the delivery of invoice data and VAT reporting as seamless as possible.
Unlike PEPPOL and the myriad of other eInvoicing standards that will add cost to businesses, using a technology that can extract data from PDF invoices with 100% accuracy will actually save businesses money while delivering benefits to Public Bodies and the wider economy.

Q.6 What suggestions would you offer in Ireland's arrangements for a mandatory B2B and B2G eInvoicing programme?

Make real-time VAT reporting a mandatory requirement but do it in a way that doesn't inflict new cost burdens on business which will be the case from the introduction of PEPPOL and other legacy technologies.
Allow more advanced technologies to be used that can deliver invoice data to Public Bodies in the format they want to receive it in without requiring any change to all accounting and ERP solutions that are available in the market.

Q.7 Revenue are cognisant that small businesses may have different perspectives and requirements to large businesses, so what information prompts would you find useful for businesses in completing the VAT return?

Make it more understandable - the language used is often unclear, especially for small businesses.