

## New invoicing directive 2010/45/EU Effective from 1 January 2013

### Consequences for businesses

On 13 July 2010 the proposal for a new Invoicing Directive was adopted by the European Commission (Official journal of the EU (22.7.2010 L189/1.8)).

The proposal concerns a far-reaching harmonisation of the European legislation concerning invoicing rules and the rules regarding the content of invoices. The new directive aims to ensure the acceptance by tax authorities of e-invoices under the same conditions as for paper invoices, and to remove legal obstacles to the transmission and storage of e-invoices. As a result, it will be clear for businesses which rules to comply with. This will enable them to set up one single invoicing system for the entire EU. The new invoicing rules ensure that, in principle, the same rules apply to paper invoices and electronic invoices and that they are no longer treated differently. Businesses that contemplate switching to a system of electronic invoicing are helped by these new rules, which provide them with a much clearer understanding of what to expect. As a result, electronic invoicing should be easier to implement.

### The most relevant changes are the following:

1. Member States are no longer allowed to stipulate their own specific VAT requirements for invoicing.
2. In a number of specific cases, mandatory references will have to be included on the invoice.
3. Rules are introduced that determine which country's invoicing rules apply. As a general rule, invoicing shall be subject to the rules of the Member State in which the supply of goods or services is deemed to be made according to the place of supply rules for VAT purposes.

Where businesses provide goods or services to customers in a country where they are not themselves established and the reverse charge mechanism applies, an exception to this general rule applies. In these cases, invoicing shall be subject to the rules of the Member State where the supplier is established, except in cases of "self invoicing" and where the supplies are deemed to be made outside the EU under the place of supply rules.

4. Where transactions are paid in foreign currency, Member States have to allow currency conversion based on the exchange rate as published by the European Central Bank.
5. A new rule will be introduced that determines the time for issuing invoices for intra-Community supplies and cross-border B2B services to which the reverse charge mechanism applies.
6. Continuous (intra-Community) supplies as well as the transfer of own goods to another Member State over a period of more than one calendar month, shall be regarded as being completed at the end of each calendar month as long as the supply of goods continues. This means that invoices have to be issued monthly and that the transactions should be reported every month. Examples of continuous supplies are subscriptions to magazines or newspaper and the supply of gas, electricity, warmth and cold (to taxable persons).

7. The obligation to issue invoices for advance payments for intra-Community supplies will be repealed.
8. Under the proposal it will be the general rule that issuing an invoice will no longer be required for exempt financial services. Member States are nevertheless allowed to still require a business that is established in their territory or has a fixed establishment from which these services are performed to issue invoices for exempt financial services, if the services are carried out on their territory or outside the EU. For other exempt supplies the rules don't change.
9. One important difference between electronic invoices and paper invoices remains: the use of electronic invoicing should be accepted by customers.
10. The authenticity of the origin, the integrity of the content and the legibility of an invoice, whether on paper or in electronic form, must be ensured from the point in time of issue until the end of the period for storage of the invoice. "Authenticity of the origin" means the assurance of the identity of the supplier or the issuer of the invoice. "Integrity of the content" means that the content has not been altered.

Businesses are allowed to determine in what way the authenticity of the origin, the integrity of the content and the legibility of the invoice are ensured. For that purpose the company can use any system of control which creates a reliable audit trail between an invoice and a supply of goods or services.

## What to do?

PricewaterhouseCoopers can assist businesses with all relevant aspects of electronic invoicing, such as interpreting and implementing the new rules, checking controls which guarantee the integrity of the origin and the authenticity of the contents of invoices as well as advising on the contents of invoices.

We would be happy to discuss the consequences of the new invoicing rules and to investigate the possible advantages of electronic invoicing for your business.

## Contacts

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