OZEDI

eInvoicing for Software Providers

11am Wednesday 17th August, 2022

Q&A
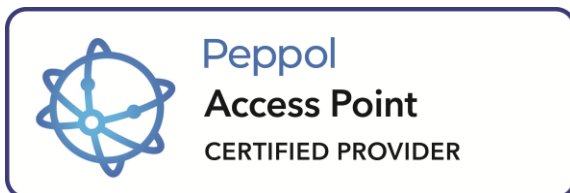
Peppol
Access Point
CERTIFIED PROVIDER

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QUESTIONS AND RESPONSES

Note that any reference to eInvoicing or eInvoices in the Q&A means any procurement document which complies with the Peppol standards.

The following questions were submitted to us during the webinar.

Q1. What is the adoption rate of the eInvoicing at federal level?

A. All Federal Government agencies were mandated to be eInvoicing enabled by July 1, 2022 and pay eInvoices in 5 days for contracts under $1 million.

https://www.ato.gov.au/Business/eInvoicing/eInvoicing-for-government/

https://www.ato.gov.au/business/eInvoicing/eInvoicing-for-government/eInvoicing-enabled-agencies/

Q2. What possible further mandates are being considered?

A. NSW government agencies were mandated to be eInvoicing enabled by January 1, 2022 and pay eInvoices in 5 days for contracts under $1million. Whilst there is widespread adoption of eInvoicing by South Australia government agencies no mandate is enforced. All other state and local government agencies have not enforced any mandates in terms of eInvoicing.

A Treasury Consultation Paper was released in December 2021 which built on the Government's previous consultation undertaken in November 2020 on "Options for the mandatory adoption of eInvoicing by businesses". Submissions have been received, but due to the change of government no formal announcements have been made in relation the Business eInvoicing Right. That being said there has been a formal statement provided by the Labour Government supporting eInvoicing.

https://treasury.gov.au/consultation/c2021-185457

Q3. Are there any incentives for both small and large businesses being thought of to help increase adoption?

A. The federal and NSW governments are offering 5 day payment terms to suppliers who provide eInvoices. The major benefit to business is receiving eInvoices and we expect businesses will follow this pattern and offer settlement terms that encourage their suppliers to send an eInvoice. Alternatively, businesses may choose to buy from a supplier who will send an eInvoice as this will reduce their administration costs. There

are no plans by other government agencies that have been made public to provide incentives for take-up.

It is an incentive for both senders and receivers to ensure that the invoices are processed in the most accurate and speedy manner.

Treasury issued a paper on the Business eInvoicing Right (BER) which canvassed businesses being able to demand an eInvoice from a supplier depending on the size of the supplier's business. OZEDI has made a submission on the BER suggesting incentives to software providers to enable their software as a better approach.

https://ministers.treasury.gov.au/ministers/jane-hume-2020/media-releases/release-business-einvoicing-right-consultation

Q4. Who manages what data is allowed to go through the network?

A. Peppol has defined all the data formats required to be adhered to for each document type. These are available online at https://github.com/A-NZ-PEPPOL/A-NZ-PEPPOL-BIS-3.0 for Australia/New Zealand eInvoicing documentation including sample XML. All Access Points are required to validate the XML of every document received prior to sending it through the network.

Q5. Surely we're involved in 1 and 4?

A. Yes, corner 1 (sender) and corner 4 (receiver) require application software to handle the data transferred. However, most diagrams of the 4-corner model don't mention software providers as players in this market. OZEDI believes they are a critical component that enables the entire network.

Q6. Does the ATO have any views on any data enhancement that might happen between 3 and 4? or does all data have to go through Peppol?

A. Peppol is only involved in the definition of the data formats and the governance of corners 2 and 3; i.e. the Access Points. What services are provided between the Access Point and the Receiver (or the Sender and their Access Point) is outside the network and can include any features and facilities. Some organisations have developed AP automation tools which perform various tasks like authorisations and expense allocation. They can use eInvoicing as another data source besides scanned documents, and interface the resulting invoices into an accounting system. OZEDI thinks of these products as 3.5 in the 4 corner model. Third-party products that take extracted data and create eInvoices which are passed to an Access Point are also available - we call them corner 1.5. Where an accounting system doesn't have resources to handle the interfacing, these products provide a bridge to an eInvoicing enabled product.

Q7. Are there KYC controls in place for the SML?

A. There is a specific set of clauses in the Peppol Service Provider agreement which state that it is an obligation to ensure the End User identity is verified in accordance with the applicable regulations of the relevant Peppol Country Authority. These are not specific and can be delegated to intermediaries which have a contractual relationship with the end user.

From an Ozedi perspective, the practical solution to KYC is that the software provider to the End User will provide the KYC because they have a contract with their customer.

Q8. Are there any AML requirements as well?

A. There are no payment transactions on the Peppol network.

Q9. David mentioned return messaging. Is that a requirement of corner 3/4? Is it guaranteed confirmation will come back?

A. Return messaging takes 2 forms: Message Level Response and Business Level Response. The message level refers to messages exchanged between Access Points; these include non-repudiation receipts (proof of successful transfer) and other messages generated at corner 3. These include any faults found in the received document - these should not exist if checked properly at corner 2 and corner 3 is applying only Peppol rules.

Business level responses refers to the Peppol document type "Invoice Response". An invoice response is an XML document which references the invoice received and passes back to the sender a status and optionally other data. Statuses can include rejection of an invoice with reasons given, or acceptance of the invoice, or that the invoice has been paid. Multiple responses can be sent for an invoice. However, a receiver can only send an invoice response if the sender is flagged to receive that document type on their SMP (Publisher); i.e. both parties must be able to send and receive that document type. The only guaranteed confirmation is the non-repudiation receipt that is received by the sender's Access Point.

Ozedi is strongly recommending that software providers implement the sending and receiving of response messages at the most basic level as a minimum.

Q10. Can we currently put Purchase orders through the Peppol Network?

A. Yes, a full procurement system with multiple document types is available now. However, orders can only be sent between buyer and seller if the sender can create orders and the

receiver is registered to receive orders in their SMP (Publisher). Refer to A-NZ documentation on Procure to Pay documents supported by Peppol at https://github.com/A-NZ-PEPPOL/A-NZ-PEPPOL-BIS-3.0 These include Catalogue, Catalogue Response, Punch Out, Order and Order Response, Despatch Advice

Q11. Some industries need to send substantial collaborating documents to support an invoice. It can be many separate files that are effectively "attached" to the invoice. Construction Claims a good example. How will Peppol manage that situation?

A. eInvoices consist of a message header with multiple attachments. At least one attachment is the XML; other attachments can be included in formats such as CSV, XML, Excel, PDF etc to support the invoice data. Word documents are not supported.

Q12. Let's say a business is registered for eInvoicing. After registering can it choose what types of Invoices it would like to receive through eInvoicing channel? Can it reject certain suppliers' invoices - the ones it prefers to receive it via traditional pdf/paper channel?

A. An invoice sent into the Peppol network cannot be rejected by the corner 2 or corner 3 Access Points unless technically deficient so must be passed to corner 4. Corner 4 could reject the invoice using message response but is the reason given in-line with Peppol rules?

Ideally the software in use at corner 1 should have a capability to set specific invoice instructions for a particular customer.

Q13. It was mandatory for businesses from 1st July for Govt Depts. Does that mean that Govt Dept are receiving eInvoicing as well as traditional pdf/paper invoices OR are they only accepting invoices via eInvoicing only?

A. Govt depts are accepting all invoice formats; however, the mandate insists they must be enabled to receive an eInvoice from the 1st July this year. It also dictates payment within 5 days of receipt of an eInvoice if the goods and services contained in the invoice have been provided.

Q14. How do we get accredited?

A. If you wish to become an Access Point you must apply to the ATO as they are the Peppol Country Authority for Australia. The details are all on the ATO website. If you are enabling your applications to send and/or receive eInvoices, then you don't need to be accredited. You select an Access Point and work with them to get your product ready for production then deploy to your client base. The ATO is providing an eInvoicing-Ready certification for applications that meet their Best Practice definition - see ATO website for details. This allows certified products to be listed on the ATO website but it is optional.

Q15. How many e-invoices are sent a month at the moment?

A. Only the ATO knows the total number of transactions. We have been told that we have about 80% of outgoing transactions and the receivers of those invoices are split over a few Access Points including Ozedi.

Q16. Why is XML the chosen format?

A. XMLis a data format that comes with data field definition in the tag names with every data item - it is "wordy" but explicit. The tag names are pre-defined and always mean the same thing. Validation tools are available

The XML used in Peppol is a subset of Universal Business Language (UBL), which is an international standard managed by OASIS - https://www.oasis-open.org/standards/

Q17. How does the receiving business ensure the data being received is accurate? is there a way of these items being batched for authorisation?

A. Once a business has downloaded their invoices from their Access Point, then application software must unpack and prepare the data for any authorisation and confirmation the business requires including expense allocation or purchase order matching. This is an opportunity for software developers to provide new product features which meet client requirements. There are also third-party products which can handle the front end receipt of data and approval processes before importing into an accounting product.

Q18. Is the Invoice Response not mandatory as part of Peppol standard?

A. No, Invoice Response is another Peppol document – it requires invoice receivers be enabled to create it and the invoice sender must be registered to receive Invoice Responses.

Q19. Is there any information on the government stance/uptake in New Zealand?

A. Detailed information in relation to eInvoicing in New Zealand can be obtained directly from https://www.einvoicing.govt.nz/

Q20. Can an ABN be "registered" with more than one access point? for different parts of its business?

A. If a business uses their ABN as their Peppol Participant ID, then it will be registered on the SML (Locator) which can only point to one SMP (Publisher). The answer to this issue is that each different part of the business will each have to obtain a unique Peppol ID. In Australia and New Zealand this is usually a DUNS number issued by Dun and Bradstreet or a GLN issued by GS1.

Q21. If there is an existing invoice automation system does OZEDI have any issue with the integration of different property management system software?

A. OZEDI is a Peppol Access Point handling the document transport within the network - we work with software providers whose applications handle the eInvoices received. We don't integrate to systems; the application developers interface to OZEDI using REST API to pull down invoices received and handle them within their application. OZEDI becomes another source of data for the invoice automation system.