

28 February 2022

Data Economy Unit  
Consumer Data Right Division  
Treasury  
Langton Cres  
Parkes ACT 2600

Via email: [elvoicing@treasury.gov.au](mailto:elvoicing@treasury.gov.au)

**Re: Supporting business adoption of electronic invoicing**

To Whom it May Concern:

Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to make this submission on behalf of our members and the business software industry.

Since 2015, DSPANZ has been closely involved in Australia and New Zealand's eInvoicing journey as a founding member of the Digital Business Council, and working closely with both Peppol Authorities: the Australian Taxation Office (ATO) and the Ministry of Business, Innovation and Employment (MBIE). DSPANZ is an Observer member of OpenPeppol and convenes the A-NZ Service Provider Community with monthly meetings of the eInvoicing community and also co-chairs the A-NZ Peppol All Stakeholders Working Group. DSPANZ Members include accredited Access Points and software that is integrated with Peppol Certified APs.

DSPANZ supports the Government's efforts to better support the adoption of eInvoicing including the introduction of the Business eInvoicing Right (BER). We believe that the BER will have a positive impact on increasing eInvoicing adoption as well as allowing more small businesses to realise the benefits of eInvoicing.

In this submission we have provided feedback on select questions from the Consultation Paper. In summary, we have raised the following points:

- There should be an additional mandate for Commonwealth agencies to send eInvoices;
- The introduction of the BER should come alongside a dedicated education and awareness campaign to create and maintain trust in the system;
- Our preferred approach to implementing the BER is through two phases:
  - **Phase 1 (beginning 1 July 2023)** - Large businesses that already fall under the Payment Times Reporting Scheme (PTRS) are required to comply with the BER
  - **Phase 2 (beginning 1 July 2025)** - all other businesses are required to comply with the BER
- Given that low and no cost solutions for eInvoicing are available to all business types, there should be limited exemptions available; and
- A valid request for an eInvoice should be kept simple and include the business' ABN, business name and contact details.



DSPANZ would appreciate the opportunity to engage further on this submission. For further information, please contact Maggie Leese on [maggie@dspanz.org](mailto:maggie@dspanz.org).

**About DSPANZ**

Digital Service Providers Australia New Zealand is the gateway for government into the dynamic, world class business software sector in Australia and New Zealand. Our members range from large, well-established companies through to new and nimble innovators who are working at the cutting edge of business software and app development on both sides of the Tasman.

Yours faithfully,

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## **1. Should a Business eInvoicing Right (BER) be introduced to accelerate business adoption of Peppol eInvoicing?**

DSPANZ supports the introduction of the BER as we believe that it will pose a number of benefits including:

- Significantly increasing the adoption of eInvoicing across Australia
- Helping to shift the power dynamic between large and small businesses
- Allowing more small businesses to benefit from eInvoicing

The possible introduction of the BER has been viewed favourably internationally. We have heard from the eInvoicing community that some providers have approached their own Peppol Authorities and suggested that the BER is a good model to accelerate eInvoicing adoption in their own countries.

## **2. Are there other regulatory methods that might increase eInvoicing adoption?**

While the mandate for Commonwealth agencies being able to receive eInvoices was a step in the right direction, we would like to see this go one step further with the sending of eInvoices mandated for these agencies.

Further, for larger businesses, an incentive and benefit for them to take up eInvoicing is linking it with Payment Times Reporting to assist in automating this reporting process.

## **3. What key implementation challenges or issues would businesses face if the Government introduces a BER?**

We believe there will be a few challenges and issues when introducing the BER which stem from the current lack of awareness and understanding amongst small businesses and their advisors of what eInvoicing actually is and the benefits of eInvoicing over and above traditional invoicing practices.

### *Perception of eInvoicing*

Some businesses are hesitant to adopt eInvoicing as they do not know what it is or how it will affect them. On the other hand, there are businesses who believe they are already eInvoicing as they are emailing PDF copies of invoices. There are also businesses who are sceptical about the ATO's involvement in eInvoicing and while this view is changing, it is still an issue to consider when rolling out the BER.

Overall, there is still work to be done in changing the perception around eInvoicing and educating businesses on what it is and what it is not.

### *Trust in the System*

A potential challenge is creating and maintaining trust in the BER and how the system works. To help address this, there should be a dedicated education and awareness campaign on the BER and eInvoicing itself. The campaign should begin well before the first deadline so that all businesses are aware of the BER and how they can get involved.

### *Fraud Risk*

There may be an issue with driving fraud risk into the small senders that participate in the BER. While many tax agents, BAS agents and accountants, as well as the invoicing providers themselves, have Entity Verification requirements in place, each service has a slightly different approach and there may be a need for safe harbour protections.

This could be mitigated by using digital identity services alongside invoicing, which would provide full Entity Verification. This is the approach that both Singapore and Denmark have taken. This should be considered in the future for Australian invoicing.

#### **4. Would Option 1 or Option 2 be more appropriate to set the scope for participation in the BER and why? Are there other approaches that may be appropriate?**

Our preferred approach to implementing the BER is through utilising the Payment Times Reporting Scheme (PTRS) to identify the large businesses that the BER would apply to in the first phase of the program which would ideally begin on 1 July 2023. Then in the second phase, beginning 1 July 2025, all other businesses not covered by the PTRS would be required to comply. Essentially if you are listed on the Payment Times Report Register, you are required to participate in the BER in its first phase.

We believe that this would be the most simple approach to implementing the BER and therefore the easiest for businesses to understand and follow. It would avoid creating a new definition for small businesses and negatively impacting the small businesses who constantly fluctuate between being defined as small or medium businesses based on their turnover.

We note, however, that feedback from our members is varied with some preferring a blanket deadline of 1 July 2025 for all business sizes. The benefits of this approach include avoiding the complexity of being required to classify businesses by size.

#### **5. What, if any, exemptions would a BER need to include (e.g. for on-the-spot or point-of-sale business-to-business transactions, not-for-profit organisations, newly created businesses, entities supplying tax travel, recipient created tax invoices (RCTIs))?**

This may be challenging for point of sale (POS) systems where tax invoices acting as receipts may be generated. To avoid confusion around where the BER would apply, we recommend creating concise definitions for both receipts and invoices rather than excluding certain software providers or business types. In the case of POS, the BER would not apply to business to customer transactions but rather to business to business transactions.

With respect to not-for-profits (NFP) and similar business types, as there are a number of free or low cost solutions available to all businesses, we see no reason for them to be excluded.

#### **6a. Should the Government create a public register of businesses covered by the BER?**

No. In our approach outlined in response to question 4, the existing Payment Times Report Register would perform this role for large businesses.

Alternatively, if there is a single deadline for all businesses, no register would be required.

**7a. Would businesses be comfortable with being publicly identified as small, medium-sized or large?**

Given the complexity of business structures in Australia (trusts, brands, franchises, partnerships, service companies and symbiotic business relationships), a public register is not preferable as it may disadvantage growing businesses. This is why we prefer the use of the existing Payment Times Report Register or no register at all.

**13a. What would be the appropriate implementation timeframes for the BER?**

Our preferred timeline for the implementation of the BER is as follows:

Phase 1: 1 July 2023	Phase 2: 1 July 2025
Large businesses that are listed on the Payment Times Report Register are required to comply with the BER. All other businesses will have the right to request and receive Peppol eInvoices from these large businesses.	All other businesses not covered by the Payment Times Reporting Scheme are required to comply with the BER (excluding exempt businesses). All business types will have the right to request and receive Peppol eInvoices.

We note that in our answer to question 4, that there is also support for a single deadline of 1 July 2025 for all business sizes.

**13b How much advance notice would covered businesses need to be ready by their corresponding deadlines under the BER?**

In our proposed phased approach:

- Large businesses should be given at least one year's notice before their deadline
- Other business should be given at least two year's notice from the large business deadline

We believe that this will provide enough time, especially for the small and medium businesses, to explore their options and become Peppol enabled. It will also allow time for the network to grow and mature. However, we do understand that the timeframes may need to be flexible.

**14a. What should a valid request to receive Peppol eInvoices involve or include?**

A valid request for an eInvoice should be kept as simple as an electronically written request to start invoicing. This request should also include the ABN, business name and contact details.

**14b. What communication and record-keeping requirements would the BER require for covered businesses, particularly in relation to communicating requests to receive eInvoices?**

As mentioned above, the request should include the ABN, business name and contact details. If the customer or account number is available, it should also be provided as the supplier would

need to record at least one of these details to create a compliant tax invoice while also providing enough information to identify the customer.

**16. What key factors does the Government need to consider in relation to enabling Peppol-compatible EDI networks?**

We believe that the introduction of the BER will be a catalyst for EDI networks looking to become Peppol-compatible. While we expect EDI networks to eventually become compatible, the BER would help in accelerating this transition.

**18. What are the key business considerations and impacts relevant to expanding from eInvoicing to a broader integrated P2P process (such as Peppol P2P)?**

From conversations with members and in eInvoicing working groups, Peppol Procure to Pay (P2P) is an important benefit that will draw large businesses, particularly those that process inventory or have complex logistics requirements, to Peppol eInvoicing.

**19. What are the barriers, if any, to businesses adopting more efficient and standardised processes, including Peppol P2P?**

The most common barriers are:

- Building trust in the process
- Adjusting to new terminology with multiple interpretations
- Transition costs in terms of re-training staff etc.

Here, small and medium sized business owners may struggle to extract the efficiencies and they may need some average benchmarks or case studies to get them across the line.

**20a. Would broader adoption of Peppol P2P as a standard in Australia help businesses adopt more efficient and interoperable procurement processes?**

In the long run we believe that it will help in adopting more efficient and interoperable processes, but the challenge in the interim is the cost of change.

**22. Given the market is currently working to deliver solutions that enable integrated eInvoicing and payments, what (if any) further action or intervention is required to address any current barriers to greater integration and help drive this process?**

On eInvoicing and payments, we note that the opportunity to include the New Payments Platform Australia's (NPPA) PayTo functionality in eInvoicing will be beneficial for many businesses.