



Mr Walter Deffaa
Director General – DG Taxud
European Commission
Rue de la loi, 200
B-1049 BRUXELLES

Brussels, 5 May 2010

Re: Businesses fear that the new invoicing directive will increase administrative burden for companies

Dear Mr Deffaa,

We are writing to you with regard to the upcoming Directive on the VAT rules on invoicing that will be voted during the plenary session of the Parliament on 5 May 2010.

Electronic invoicing could considerably reduce administrative burden for companies operating on the European internal market and is a major pillar of the EU better regulation agenda. The Commission has estimated that, over the medium term, removing VAT obstacles for e-invoicing would bring savings of up to €18 billion if all invoices were sent electronically¹. It would therefore be logical to assume that the use of electronic invoices should be promoted and incentivised, or at the very least not subject to further bureaucratic obstacles.

To meet these aims, the equal treatment of electronic and paper invoices is essential, implying that the use of e-invoices should not carry special requirements. With this objective in mind, the Commission made a proposal on e-invoicing back in January 2009, in order to remove the special requirements for electronic invoices that exist under the current legislation. BUSINESSEUROPE fully supported and still supports the original proposal from the Commission, based on the equal treatment of paper and electronic invoicing.

However, the original proposal has suffered major setbacks in subsequent discussions during the last three presidencies, and the 16 March 2010 ECOFIN Council finally adopted a compromise text that does not remove the special requirements for electronic invoices. We regret that the non-acceptance of the equal treatment is a missed opportunity to give e-invoicing a real boost, and to achieve the €18 billion gains that the widespread use of electronic invoices would have brought.

¹ Reducing Administrative Burdens in the European Union – Annex to the 3rd strategic review on Better Regulation, COM (2009) 16 final



Furthermore, the text adopted is not unequivocal, and could lead to different interpretations by Member States. This could be a very unfortunate outcome, as existing major barriers to the use of e-invoices would not be removed, and the Invoicing Directive, far from meeting its ultimate purpose of reducing administrative burden, would actually increase it if Member States interpret the rules differently. In this context, the evaluation clause introduced during the amendments at the Council imply that, if the legislation is not properly implemented and in consequence does not result in a reduction of administrative burdens, the issue will come back on the agenda in future years.

Businesses are also concerned about the problems that may arise during the implementation of the new directive. The recent negative experience during the implementation of the 2010 VAT package – e.g., late implementation, different and non-harmonised rules across Member States, late adoption – make the business community fear the possibility that these issues will arise again. Therefore, and to avoid these problems arising during the implementation of the Invoicing Directive, BUSINESSEUROPE asks the Commission and Member States to start well in advance (i.e. beginning of 2011) with the transposition and explanation of the new rules.

For this reasons, we would like to highlight the importance of proper implementation of the directive, and to achieve this aim, it is of utmost importance that businesses are involved in the implementation phase. In consequence, BUSINESSEUROPE urges the Commission to involve business organisations when deciding how the rules will be implemented at both EU and Member State level, and on the transposition of the Directive into national legislation.

For business it is essential to know how the rules will be interpreted at Member State level, and to ensure a minimum degree of uniformity. Also, an early start is essential as businesses, in order to be ready to implement the new rules at the beginning of 2013, must plan and prepare adjustment of their ERP and billing systems in each Member State already at the beginning of 2012. To achieve a smooth transition to the new rules, a close cooperation between the Commission, Member States and business is essential. In this regard, further cooperation with Member States, beyond the Fiscalis seminars at EU level, is absolutely necessary.

Yours sincerely,

Henk Wildeboer
Chairman of BUSINESSEUROPE VAT Group