



Australian Government
The Treasury

TSY/AU

Supporting business adoption of electronic invoicing

Consultation Paper

December 2021



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Consultation Process

Request for feedback and comments

Interested parties are invited to comment on the issues raised in this paper by 25 February 2022. While submissions may be lodged electronically or by post, electronic lodgement is preferred. For accessibility reasons, please submit responses sent via email in a Word or RTF format. An additional PDF version may also be submitted.

Publication of submissions and confidentiality

All information (including name and address details) contained in formal submissions will be made available to the public on the Australian Treasury website, unless you indicate that you would like all or part of your submission to remain confidential. Automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part of their submission to remain confidential should provide this information marked as such in a separate attachment.

Legal requirements, such as those imposed by the Freedom of Information Act 1982, may affect the confidentiality of your submission.

Further consultation process

The Treasury will also consult broadly with industry representatives and other interested parties on the topics discussed in this consultation paper. This may involve conducting targeted consultation with these stakeholders on specific issues where more information and views are required.

Closing date for submissions: 25 February 2022

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The ideas outlined in this paper have not received Government approval and are not yet enacted. This paper is merely a guide as to how the ideas might operate.

Supporting business adoption of electronic invoicing

Electronic invoicing (eInvoicing) allows the direct, digital exchange of invoices between a supplier's and a buyer's software or systems using a secure network and a common proven standard. Australia has adopted the Peppol standard, which is used in almost 40 countries across Europe, Asia, and North America.

The Australian Taxation Office (ATO) is the Australian Peppol Authority (APA) and is responsible for developing and implementing the Peppol eInvoicing standards and specifications in Australia.

Adoption of eInvoicing by Australia's private sector is currently low, with only about 10,000 of the estimated 2.4 million businesses in Australia¹ currently registered for Peppol eInvoicing. The Australian software market is expected to progressively deliver more products, such as accounting software, that integrate eInvoicing throughout 2022, which will support greater adoption.

It is estimated that Australian businesses exchange more than 1.2 billion invoices a year and around 90 per cent of invoice processing is still fully or partly manual.² The use of eInvoicing can deliver significant economic benefits for Australian businesses. Deloitte Access Economics estimates that every time an eInvoice replaces a traditional paper or emailed-PDF invoice, the businesses involved can share up to \$20 in cost savings per invoice.³ The realisation of these benefits is increased when a critical mass of businesses adopts eInvoicing and implement the necessary capability.

Feedback collected through consultation in late 2020 indicated that while there is strong support for the Government taking actions to increase business adoption, eInvoicing is still at relatively early stages of rollout in Australia and that business awareness and adoption of eInvoicing remained low.

Drawing on this feedback the Government provided funding to the APA to increase business eInvoicing awareness and adoption. With this funding, the APA will progress education activities, supply chain pilots and further work with state and territory governments over the next three years.⁴

This builds on commitments to facilitate public sector eInvoicing adoption, including mandating that all Australian Government agencies must be able to receive eInvoices by 1 July 2022.

The Government is seeking stakeholder views on further options to support business eInvoicing adoption, including by:

- introducing a Business eInvoicing Right (BER)
- helping businesses integrate eInvoicing into their business processes by fostering adoption of Peppol-compatible electronic data interchange (EDI) networks, expanding eInvoicing into procure to-pay processes and integrating payments and eInvoicing processes.

Stakeholder views provided through this consultation will inform the Government's consideration of potential interventions to support business eInvoicing adoption, including any potential legislative frameworks. This consultation builds on the Government's previous consultation undertaken in November 2020 on '*Options for the mandatory adoption of eInvoicing by businesses*'.⁵

¹ Australian Bureau of Statistics (ABS) 8165.0 Counts of Australian Businesses, including Entries and Exits.

² Deloitte Access Economics, 2016, "The Economic Impact of E-Invoicing".

³ Deloitte Access Economics, 2016, "The Economic Impact of E-Invoicing".

⁴ More details are available online at <https://digitaleconomy.pmc.gov.au/fact-sheets/sme-digitalisation>

⁵ More details are available online at <https://treasury.gov.au/consultation/c2020-122716>

Business eInvoicing Right

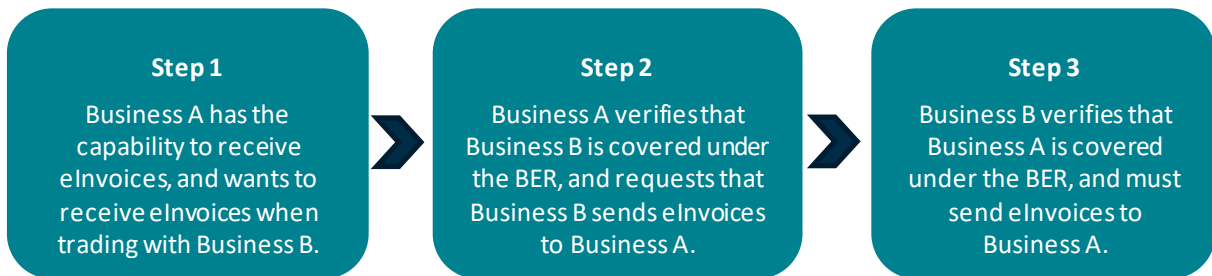
The Government is seeking views on whether to introduce a ‘Business eInvoicing Right (BER)’ to accelerate business adoption of Peppol eInvoicing. This scheme would only apply to business-to-business transactions and would not cover business-to-consumer transactions.

Businesses are more likely to adopt eInvoicing when they have certainty that other businesses have eInvoicing capability and are using it, and where there is an expectation that widespread adoption of eInvoicing is likely to occur.

To exercise the BER, a business would need to set up its systems so that it can receive Peppol eInvoices. Once a business has this capability, the business would be able to exercise its ‘right’ and ask other businesses to send them Peppol eInvoices during transactions. Only businesses covered by the regulatory scope of the BER would be able to exercise the BER or be obligated to send eInvoices in response to a request made under the BER.

Initially, it is proposed that only large businesses would be legally required to send Peppol eInvoices upon receiving a valid request (expanded on later in the paper) from any business covered by the BER. The intention is that this legal obligation would expand over time so that medium-sized businesses and eventually small businesses would be legally required to send an eInvoice upon receipt of a valid request from any other business covered by the BER.

FIGURE 1: HOW BUSINESSES COULD EXERCISE THE BER



Consultation questions: Business adoption of eInvoicing

1. Should a Business eInvoicing Right (BER) be introduced to accelerate business adoption of Peppol eInvoicing?
2. Are there other regulatory methods that might increase eInvoicing adoption?
3. What key implementation challenges or issues would businesses face if the Government introduces a BER?

Who would be captured by the Business eInvoicing Right?

In setting the scope of the BER, a key aim is to capture a wide enough range of businesses to drive broad adoption of Peppol eInvoicing to realise the benefits, while also minimising regulatory burden for covered businesses.

Within the Commonwealth’s legislative powers there are two main options to set the scope of who would be captured by the BER and its associated legal obligations, including which businesses can exercise the BER and which would be required to provide Peppol eInvoices when requested. These are:

- establishing the BER through a new Commonwealth regulatory framework

- establishing the BER under the *Corporations Act 2001* (Corporations Act).

Both proposed options would leverage existing business identifiers for covered businesses, such as Australian Business Numbers (ABNs) and/or Australian Company Numbers (ACNs), to support identification of which businesses are covered by the BER.

Option 1 - Establishing the BER through a new Commonwealth regulatory framework

A BER could be established through a new bespoke Commonwealth regulatory framework.

A regulatory scheme, such as the Payment Times Reporting Scheme (PTRS), could be used as a model for setting the scope of businesses covered by this type of approach. Obligations under the PTRS are tied to the concept of an entity being a 'constitutionally covered entity' (see section 6 of the *Payment Times Reporting Act 2020* (PTR Act)).

A BER established by this approach would cover the following entity types:

- a constitutional corporation
- a foreign entity
- an entity, other than a body politic, that carries on an enterprise in a Territory
- a body corporate that is incorporated in a Territory
- a body corporate that is taken to be registered in a Territory under section 119A of the Corporations Act
- a corporate Commonwealth entity, or a Commonwealth company, within the meaning of the *Public Governance, Performance and Accountability Act 2013*.

Unless State and Territory Governments decide to participate, the scope of this approach would only cover businesses covered by the Commonwealth's regulatory powers.

Option 2 – Establish the BER under the Corporations Act

The BER could be established under the Corporations Act. A BER established by this approach would cover entities regulated under that Act, including companies.

If the BER were established through the Corporations Act, it would not apply to entities that are not covered by the Corporations Act. Entity types that would be excluded from this approach would include:

- sole traders
- unincorporated bodies
- trusts
- partnerships
- statutory bodies of a state government, such as some universities or state regulatory entities
- other body corporates not regulated by the Commonwealth.

Consultation questions: Who would be captured by the BER?

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?
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 taxi travel, recipient created tax invoices (RCTIs))?

Identifying businesses covered by the Business eInvoicing Right

Under the BER, it is important that businesses have a high degree of confidence about whether they have the right to request Peppol eInvoices and/or a legal obligation to provide Peppol eInvoices upon receipt of a valid request. Businesses should be able to easily identify in real-time whether they (or the businesses they are transacting with) are covered by the BER and/or the associated legal obligations.

An option the Government could undertake is to create a public register to support this identification. The register would need to be regularly updated based on the best available information and could potentially leverage existing business registration information held within government.

The Government is considering how a register could be created and maintained, particularly how information on businesses could be collected and displayed. Options being considered include:

1. Having businesses self-assess:

- whether they are covered by the BER's regulatory scope
- whether they are a small, medium-sized, or large business based on the BER's thresholds.

Businesses would then need to advise a registrar that they are covered by the BER and their size for the purposes of the BER. Businesses would also need to ensure the registrar is notified if the businesses' circumstances change and provide consent to publish the information.

2. Analysing data the Government receives from businesses (e.g. tax data) from previous income years and notifying/sharing information with the BER registrar on:

- whether particular businesses are covered by the BER's regulatory scope based on existing government data
- whether particular businesses are a small, medium-sized, or large business under the BER based on existing government data.

This approach would not involve publishing actual business type, turnover, or income data.

The use of taxation data for these purposes would require consideration of issues related to tax secrecy, privacy, and capability. Providing a tool such as a register showing that a business is small, medium-sized, or large may also require changes to the laws governing the sharing of taxation data.

Further, a new covered business would not have any turnover history to assess its size, so rules would need to be created to allow those new businesses to participate in the BER. These rules could be like the approach used in the *Income Tax Assessment Act 1997*, where an entity can use an estimated figure if the entity has not been operating for an entire year.

Using taxation data would also impact how quickly the BER could be implemented. This reflects the time-lag between when financial years end and when business income is reported to government.

A public register may present commercial sensitivities for businesses. For example, a business publicly identified as a small business may be viewed as more financially risky by a potential lender, which could make it more difficult for that business to secure finance. To address these types of risks, the BER could include mechanisms to allow businesses to opt out of being publicly identified on the BER register based on their business size.

At present there are no government systems that would allow a regulator to assess the aggregated turnover of all covered businesses without collecting new information from businesses.

Consultation questions: Identifying businesses covered by the BER

- 6a. Should the Government create a public register of businesses covered by the BER?
- 6b. Are there any other approaches that would be appropriate to identify businesses covered by the BER?

Thresholds for business size under the Business eInvoicing Right

The Government recognises that businesses need time to adjust their systems and processes to adopt eInvoicing. Larger businesses are generally better placed to adopt new practices than smaller businesses because they can more readily source technology and training services from third parties.

Given this context, an option would be to implement the BER so that the legal obligation to provide Peppol eInvoices (when validly requested) would first apply to large businesses, before being rolled out to medium-sized and eventually small businesses. Businesses seeking to request an eInvoice would only be able to do so if they have the systems in place to receive Peppol eInvoices.

To enable a phased approach to implementation requires definitions of small, medium-sized, and large businesses. The Government is testing whether such thresholds are needed and the use of income-based thresholds to determine the size of a business and their obligations in each phase. Income and employment metrics have often been used as proxies for business size.

For example, income-based thresholds can serve as a reasonable proxy for how much invoicing may be occurring in a business, compared with alternative size measures such as employee counts. Other similar schemes such as the PTRS also use income-based thresholds. A range of potential options for business thresholds are outlined in table below.

TABLE 1: POTENTIAL DEFINITIONS FOR BER BUSINESS THRESHOLDS

Options	Small	Medium-sized ⁶	Large
Aggregated turnover thresholds under the Income Tax Assessment Act 1997	Aggregated turnover under \$10 million	Aggregated turnover between \$10 million and \$50 million.	N/A
Total business income thresholds⁷	Total business income under \$10 million	Total business income between \$10 million and \$100 million	Total business income over \$100 million
ABS employee thresholds⁸	Actively trading business with 0 to 19 employees	Actively trading business with between 20 and 199 employees	Actively trading business with >200 employees

⁶ Note that medium-sized businesses may not need to be defined explicitly, as they could simply be all covered businesses that are not large or small based on the BER thresholds.

⁷ These thresholds are adapted from the ATO's Entity Size Classification, which are set at the ATO's discretion and are not prescribed under statute. The ATO's Entity Size Classification is available online at <https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Taxation-statistics/Taxation-statistics-2018-19/?anchor=Entitysize#Entitysize>

⁸ The employment size ranges are based on "headcount", rather than a measure of full-time equivalent persons. Actively trading businesses are businesses that have an Australian Business Number (ABN) and are actively remitting in respect of a Goods and Services Tax (GST) role.

Consultation questions: Thresholds for business size under the BER

- 7a. Would businesses be comfortable with being publicly identified as small, medium-sized, or large?
- 7b. What key sensitivities or risks would such an approach present?
8. Which of the potential approaches to create a register of small, medium-sized, and large businesses covered by the BER would be appropriate?
9. What regulatory costs may be involved for businesses for these options?

Accommodating changes in business sizes

The BER would need to accommodate changes in business sizes and legal structures, such as those that occur both voluntarily (e.g. when a business restructures for legal or financial purposes or undertakes a significant merger or acquisition) and involuntarily (e.g. as the value of a business's assets change, or as its turnover and/or employee levels fluctuate over time).

The scheme may also need to consider how businesses are legally related and the other parties that may be grouped or otherwise related to a particular business.

It is important that any aggregation rules:

- are simple enough that businesses can identify whether the entities they transact with also fall under the BER and if so, whether the entity is considered small, medium-sized, or large (e.g. when calculating turnover or employee counts)
- do not discourage businesses from adopting Peppol eInvoicing and/or exercising the BER, such as by imposing too large a regulatory burden in meeting or determining the scheme's requirements or by providing unintended motivation for covered businesses to restructure to avoid falling within the scheme (which would be an unnecessary regulatory impact).

The tax law definition of a small business entity uses aggregated turnover, which is the annual ordinary income of the business plus the ordinary income of any entities that the business is sufficiently connected or affiliated with. Further details on affiliates, including specific examples, is available on the ATO website.

An aggregated test would minimise opportunities for entities to restructure to avoid the need to comply with any eInvoicing requirements. In designing a BER, we will consider how thresholds can incentivise businesses to modify their structure to access concessions or avoid obligations.

Consultation questions: Accommodating changes in business sizes

10. Should the BER apply to differently sized businesses at the different times?
- 11a. Should turnover-based thresholds be used to differentiate business size under the BER? What alternative thresholds are available and would be appropriate and administratively feasible?
- 11b. What levels of annual turnover would be most appropriate to differentiate small, medium-sized, and large businesses under the BER?
- 12a. Would a framework for turnover aggregation and related grouping rules be required for the BER?

Consultation questions: Accommodating changes in business sizes (continued)

12b. If required, would a framework for turnover aggregation and related grouping rules like those in current tax laws be appropriate for the BER?

Phasing of the Business eInvoicing Right

As indicated above, the Government is investigating the potential to stagger the introduction of a BER over a few years, with obligations to provide eInvoices on request gradually phasing in for large, medium-sized, and then small businesses covered by the BER. The proposed phasing includes:

TABLE 2: PHASED APPROACH TO BER

Phase	Description
Phase 1	All businesses would have the right to request and receive Peppol eInvoices from large businesses. Large businesses would have a legal obligation to provide Peppol invoice on receipt of a valid request.
Phase 2	All businesses would have the right to request and receive Peppol eInvoices from medium-sized and large businesses. Medium-sized and large businesses would have a legal obligation to provide Peppol invoices on receipt of a valid request.
Phase 3	All businesses would have the right to request and receive Peppol eInvoices from all businesses. All covered businesses would have the legal obligation to provide Peppol eInvoices on receipt of a valid request.

As an example, Phase 1 could commence from 1 July 2023, Phase 2 on 1 July 2024 and then Phase 3 for all covered businesses from 1 July 2025.

In considering potential timeframes, the Government recognises that large businesses would need sufficient time to understand the BER and invest in the necessary technology and training to comply in Phase 1. Similar factors would also apply to medium-sized (Phase 2) and all other covered businesses (Phase 3).

The following tables summarise how the BER would operate as the phases progress:

TABLE 3: PHASE ONE (E.G. FROM 1 JULY 2023) - SUMMARY OF BER PHASES AND OBLIGATIONS

		Which businesses would have the right to request and receive Peppol invoices		
		Small	Medium	Large
Which businesses must provide Peppol eInvoices if requested?	Small			
	Medium			
	Large	✓	✓	✓

TABLE 4: PHASE TWO (E.G. FROM 1 JULY 2024) - SUMMARY OF BER PHASES AND OBLIGATIONS

		Which businesses would have the right to request and receive Peppol eInvoices		
		Small	Medium	Large
Which businesses must provide Peppol eInvoices if requested?	Small			
	Medium	✓	✓	✓
	Large	✓	✓	✓

TABLE 5: PHASE TWO (E.G. FROM 1 JULY 2025) - SUMMARY OF BER PHASES AND OBLIGATIONS

		Which businesses would have the right to request and receive Peppol eInvoices		
		Small	Medium	Large
Which businesses must provide Peppol eInvoices if requested?	Small	✓	✓	✓
	Medium	✓	✓	✓
	Large	✓	✓	✓

Consultation questions: Accommodating changes in business sizes

- 13a. What would be the appropriate implementation timeframes for the BER?
- 13b. How much advance notice would covered businesses need to be ready by their corresponding deadlines under the BER?
- 13c. What alternative timing approaches might also be feasible and appropriate?

Communications and record-keeping requirements

The BER would need to provide details on what constitutes a valid request to receive Peppol eInvoices and the associated requirements and processes regarding communications, response times and record-keeping in relation to requests made and received by covered businesses.

The requirements would need to ensure that the businesses involved in a given eInvoicing request are sufficiently aware of their obligations (e.g. that they have received a request and the timeframes to act within), while also supporting the regulator to monitor and enforce compliance.

Consultation questions: Accommodating changes in business sizes

- 14a. What should a valid request to receive Peppol eInvoices involve or include?
- 14b. What communication and record-keeping requirements would the BER require for covered businesses, particularly in relation to communicating requests to receive eInvoices?

Monitoring, compliance and enforcement, and protections for participants

The BER would require appropriate monitoring and compliance mechanisms to ensure it can operate effectively and provide confidence for entities regulated by the scheme and for businesses that choose to exercise their BER.

In designing a BER, the Government would aim to leverage and not duplicate existing frameworks and regulatory powers. The BER regulator would need sufficient powers to supervise the right and to be able to respond, such as via enforcement action, where necessary.

Consultation questions: Monitoring, compliance and enforcement, and protections for participants

15. What mechanisms should be put in place to protect businesses that choose to exercise their BER (e.g. whistle blower protections)?

Further measures to support eInvoicing adoption and integration with existing business processes

The Government is seeking views on further ways to support business eInvoicing adoption that would either form part of the BER's obligations if progressed or inform future reforms and activities to increase business adoption.

The following sections cover areas where there are potential opportunities to support eInvoicing integration with other existing business processes, including:

- Sourcing and procurement systems and processes, including Electronic Data Interchange (EDI) networks
- Procure-to-pay processes that bring together purchasing and accounts payable systems
- Payment processes, including integration with accounting software and related existing payment solutions used by businesses.

Enabling Peppol-compatible EDI networks

EDI is a broad term that refers to any electronic exchange of data between the computer systems of different businesses, using a common proprietary or industry-specific data standard. Digital business systems that facilitate EDI (i.e. EDI systems) can effectively replace traditional post, fax or email document exchange methods and provide a range of benefits such as higher security, speed, and efficiency.

These systems can exchange documents such as invoices and other procurement-related documents, but are also used for other complex, non-procurement business processes. For example:

- In the healthcare sector, EDI systems can be used to exchange important patient information such as medical history or prescription records, and to process health insurance claims.
- In the aviation sector, EDI systems can be used to exchange flight information, passenger records, and international compliance data.

As in these examples, EDI systems are often highly customised to meet specific business needs or trading network needs to facilitate 'point-to-point' document and/or data exchange between the participating businesses in a network. This typically leads to the use of closed, proprietary data

exchange and security standards, making these networks operate as ‘islands of trade’ or ‘closed trading networks’.

Prior stakeholder consultation on eInvoicing noted that large organisations in many industries have invested significant resources in building bespoke EDI systems that facilitate trade (and associated invoicing) within their respective buyer and supplier networks. Operators of these systems noted that these EDI systems are highly tailored to their specific requirements and include standards and characteristics not present in open standards such as Peppol.

Stakeholders also raised concerns these networks represent a barrier to wider adoption of digital invoicing processes such as Peppol eInvoicing, particularly for small businesses that interact with large businesses that use multiple different proprietary EDI systems. As most EDI systems do not currently support Peppol eInvoicing and are not interoperable with each other, these small businesses may carry the cost of joining and operating across multiple EDI networks and are unlikely to adopt Peppol eInvoicing despite its potential cost and time-saving benefits.

The similarities and differences between EDI systems and the Peppol framework are outlined in the table below.

TABLE 6: FEATURE COMPARISON OF PROPRIETARY EDI SYSTEMS AND THE PEPPOL FRAMEWORK

	Proprietary EDI systems	Peppol framework
Similarities	<ul style="list-style-type: none"> Both facilitate the electronic exchange of data directly between the systems of businesses, using a data standard. Both are more efficient, secure, and accurate than traditional data exchange methods such as post, fax or email. Both can be integrated into existing business procurement solutions. 	
Differences	<ul style="list-style-type: none"> EDI systems are proprietary data exchange software that businesses use to exchange data either point-to-point or within closed networks. EDI systems often use tailored, proprietary data standards to exchange data with other EDI systems. This means an EDI system cannot directly exchange data with another EDI system that uses a different data exchange standard. Examples involve tailored security solutions such as Virtual Private Networks (VPNs), Secure File Transfer Protocol (SFTP) and File Transfer Protocol Secure (FTPS) arrangements that are generally not interoperable across EDI networks. 	<ul style="list-style-type: none"> Peppol framework is not a procurement software or platform. It is a digital infrastructure (e.g. open data standards, data delivery rules, security standards) that a business’ software uses to help the business exchange Procure-to-Pay (P2P) data with other businesses. The Peppol framework is used by businesses in almost 40 countries. Once a business connects to the Peppol network, the business can exchange P2P data with anyone in the network (i.e. connect once, connect to all). Peppol enables interoperability between connected business systems (e.g. security standards), while still allowing users to customise to suit their own business needs.

Given the general features of EDI systems, their interrelationship with business procurement systems and the Peppol standard, and the Government’s objectives related to business eInvoicing, the

Government is seeking views on how best to enable greater interoperability between EDI networks and the Peppol framework, potentially by requiring that EDI networks used by businesses in Australia must be Peppol-compatible.

Any legislative change focusing on EDI compatibility with Peppol networks would be a subcomponent of the BER if progressed. As such, covered entities under the BER that have EDIs could be required to ensure those EDIs are Peppol-compatible.

This recognises that greater interoperability between EDI networks and the Peppol Framework could ultimately reduce multi-homing costs for businesses that currently bear the cost of having to interact with multiple different EDI networks in supply chains.

Consultation questions: Enabling Peppol-compatible EDI networks

16. What key factors does the Government need to consider in relation to enabling Peppol-compatible EDI networks?
- 17a. How could the Government target a potential intervention on the procurement functions of EDIs, without affecting or targeting the non-procurement functions?
- 17b. What definitions or criteria would be required to limit any requirement to only those EDIs operated by businesses that the Commonwealth can regulate and EDIs that are only used in procurement?

Expanding eInvoicing into Procure-to-Pay

Digitalisation of business processes can greatly improve business productivity and reduce costs. Procure-to-Pay (P2P) is a business process that allows businesses to efficiently acquire and pay for goods and services.

This typically involves integrating purchasing and accounts payable systems and encompasses ordering, **invoicing**, shipping, invoice reconciliation, and payments. P2P is a much broader process than invoicing alone and can help deliver benefits for businesses including faster payments and a more seamless procurement experience for buyers and suppliers.

Stakeholder feedback indicated that businesses may realise more value from adopting eInvoicing if the focus expanded to also adopting efficient and standardised P2P process that include eInvoicing.

One potential avenue to facilitate P2P adoption and standardisation in Australia could involve moving to adopt the Peppol standard for P2P. Although Australia has already adopted the Peppol framework for eInvoicing, Peppol is a framework that can also facilitate the secure electronic exchange of P2P data between separate business systems. Peppol consists of two key components:

- The **Peppol data standards**, which can be integrated into existing digital procurement systems to allow these systems to electronically read P2P data from each other. This data can be catalogues, orders, invoices, invoice responses, shipping notes and other data that are key to an effective P2P process.
- The **Peppol electronic delivery (e-Delivery) network**, which allows businesses to use their existing procurement systems that are compliant with the Peppol data standards, to electronically deliver P2P data in a secure network.

These features of the Peppol framework mean it can potentially provide the necessary digital infrastructure to facilitate the expansion of eInvoicing into the broader P2P process.

Consultation questions: Expanding eInvoicing into Procure-to-Pay

18. What are the key business considerations and impacts relevant to expanding from eInvoicing to a broader integrated P2P process (such as Peppol P2P)?
19. What are the barriers, if any, to businesses adopting more efficient and standardised P2P processes, including Peppol P2P?
- 20a. Would broader adoption of Peppol P2P as a standard in Australia help businesses adopt more efficient and interoperable procurement processes?
- 20b. What different approaches are available that may also be appropriate for Australia?

Integrating eInvoicing with payments

Integration of eInvoicing and payment processes can be highly beneficial for businesses, enabling them to efficiently receive invoices from suppliers directly into their accounting software and then pay those invoices through their payment systems.

Integration of these two processes has benefits for both buyers and suppliers. For example, suppliers can potentially get paid faster (thereby improving cash flows) and can more easily reconcile invoices and payments, while buyers can more easily make payments.

The Peppol framework can facilitate integrated invoicing and payments by allowing payment-related data (e.g. bank details, available payment methods, client/payment reference numbers, invoiced amounts, and payment confirmation) to be securely exchanged between the business systems of the buyers and suppliers via the Peppol framework. Once exchanged, businesses can then use their respective payment systems and preferred payment methods (e.g. direct debit, direct account payment) to pay and reconcile invoices.

Previous Treasury consultation found increased integration of invoicing and payments would enhance the value of eInvoicing to businesses and help drive adoption. Consultation also showed that groups such as payment providers, banks, financial technology companies (fintechs) and software developers are currently deploying solutions that will allow businesses to pay invoices and reconcile them through fully integrated processes linked to accounting software.

For example, New Payments Platform Australia has already explored integration of payments and eInvoicing within its platform and is progressing work to⁹:

- incorporate invoice-related data into payment messages, enabling businesses to leverage this data to efficiently match and reconcile invoices and their associated payment/s
- include services, such as PayTo (or Mandated Payments Service), that enable a business to automate payment processing upon receipt of an eInvoice from a supplier (via a payment pre-authorisation).

Business accounting software providers are also progressing delivery of integrated eInvoicing and payment capabilities within their accounting software products, which will deliver:

- online eInvoice payments, to allow suppliers to accept online payments via credit card or banking system transfers within their accounting software
- direct expense payments to allow buyers to pay bills and payroll via credit or debit card within their accounting software, which can streamline their procurement process.

⁹ More information is available online at https://nppa.com.au/wp-content/uploads/2020/11/Einvoicing-and-NPP-whitepaper_final.pdf

Consultation questions: Integrating eInvoicing with payments

21. What is the level of impact on business adoption that the integration of eInvoicing and payments would have?
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?