

SUPPORTING BUSINESS ADOPTION OF
ELECTRONIC INVOICING
SUBMISSION TO THE TREASURY

February 2022

INTRODUCTION

1. ANZ thanks the Treasury for the opportunity to comment on its consultation paper on business adoption of electronic invoicing (**eInvoicing**). We welcome the Treasury's policy objective of promoting the greater use of eInvoicing through the Australian economy. eInvoicing is reliable, efficient, and can reduce costs and payment times for businesses.
2. To assist Treasury to achieve this objective, we have made observations below on some of the issues raised in the consultation paper, including the idea of a Business eInvoicing Right (**BER**).

DETAILED POINTS

Business eInvoicing Right

3. As proposed, the BER would provide a right to a buyer business to request a Peppol eInvoice from a supplier business during a transaction. The supplier would be obliged to provide the invoice in that form. The obligation would initially apply to large businesses, before later applying to medium and then small businesses.
4. The BER could provide comfort to buyers in advance of entering a transaction with a supplier that they will be able to receive an eInvoice from the supplier. This means that, under the policy, buyers would be the initiating agents for the adoption of eInvoicing.
5. We note that the proposed BER does not provide any right to suppliers. This may mean that suppliers, including small businesses, will not always be able to rely on the BER to reduce their invoicing costs and benefit from reduced payment times. In its initial stages, the suppliers that will receive any benefits from issuing eInvoices under the BER will be large businesses.
6. We also note that, by having an obligation but not a right, suppliers may need to maintain processes to issue both eInvoices and other invoices, depending on buyer discretion. Buyers will also initially need to maintain dual processes as they will only have the right to request invoices from large businesses.
7. It may be worth considering the best way of providing support to small business suppliers before they become subject to the obligations. We would encourage the Treasury to consider the implementation challenges that may be faced by all businesses, including small businesses, as they are phased into the obligation to provide electronic invoices.

Coverage of the Business eInvoicing Right

8. The BER, if introduced, would apply to entities that fall within the scope of the Commonwealth's legislative powers. We think it would be sensible for the articulation of covered entities to mirror section 6 of the *Payment Times Reporting Act 2020 (PTRA)*, which defines a 'constitutionally-covered entity'. This will make the regime simpler to understand for stakeholders who are used to dealing with the PTRA.
9. The consultation paper does not appear to cover this issue but it would be important that the BER is not crafted in a way that creates a new obligation to issue an invoice at all. It should only apply where an invoice would otherwise be issued. The introduction of the BER should not change this. We note that the reporting obligations of the PTRA only apply to situations where the good or service is supplied under a trade credit arrangement.¹

Phasing of the Business eInvoicing Right and a public register

10. The consultation paper proposes that the obligation to issue eInvoices under the BER be introduced in three phases, the first capturing large businesses, the second medium businesses, and the third small businesses. The phases would each last a year, with a proposed example commencement date for the first phase of 1 July 2023.
11. The consultation paper also raises the idea of a creation of a public register of the businesses that are covered by the BER, including information of each business' size. The aim of the register would be to provide businesses with certainty of their rights and obligations under the BER. As proposed, this need for certainty would apply primarily during the initial two years of the scheme when the right can only be exercised against large businesses and then large and medium businesses. In the third phase of the scheme, all businesses that are a 'constitutionally covered entity' would need to issue the eInvoice if requested.
12. Given the primary utility of register would be in those initial two years, Treasury may like to consider alternate phase-in arrangements for eInvoicing that do not rely on the establishment of a new, potentially costly, register (or, indeed, the concept of the BER).
13. For example, Treasury could:
 - Consider, at least initially, policy measures that provide incentives to adopt eInvoicing (rather than an obligation to provide it). For example, small business

¹ <https://paymenttimes.gov.au/reporting-requirements/invoices-report>

suppliers could be incentivised to migrate to eInvoicing by being able to request reduced payment times, or provided with grants to adopt the technology.

- Engage in intense education and encouragement for a period of time and then apply the BER obligation if it is still required (e.g. because voluntary take up has been insufficient).
- Apply the BER obligation against businesses that are subject to the reporting obligation of the PTRA for one and a half years and then to all constitutionally covered entities.
 - The PTRA already has a register that buyers could use to verify whether they are subject to the BER obligation in that initial phase.
 - This may mean that a register is not needed.
- Apply the obligation against businesses that are publicly listed or are the subsidiary of a publicly listed corporation for one and a half years and then to all constitutionally covered entities.
 - This listing would act as a proxy for 'large' by indicating that the business is sophisticated enough to issue eInvoices.
 - Again, this may mean that a register is not needed.

14. Regardless of the implementation option that Treasury chooses, we would look forward to an adequate time frame for complying with any obligations. Treasury should consider whether the mooted 1 July 2023 commencement date is feasible given the scale of the economy-wide implementation project that would be all covered businesses adopting eInvoicing over a relatively short period.

ENDS