Australian Government | **New Zealand Government**

A-NZ PEPPOL Consultation Summary of Changes

Analysis of feedback received on local arrangements/ requirements for e-invoicing in Australia and New Zealand

September 2019

Contents

Purpose

This paper provides a summary of the key themes from consultation and any decisions made resulting from submissions received during consultation on e-invoicing requirements for Australia and New Zealand (A-NZ).

Background

On 22 February 2019, the Australian and New Zealand (A-NZ) Prime Ministers agreed to adopt the Pan-European Public Procurement Online (PEPPOL) framework as the basis for Trans-Tasman e-invoicing. A-NZ e-invoicing will enable businesses to automate the exchange of invoices, regardless of the software platform they use. By leveraging the PEPPOL framework, A-NZ are utilising the learnings that OpenPEPPOL (the organisation for PEPPOL members) have developed over the 12 years that they have been in operation, as well as providing A-NZ businesses the opportunity to transact on a global e-delivery platform.

A-NZ will each be establishing a PEPPOL Authority (PA) and are expected to be operational from late 2019.

As part of the initiative to adopt the PEPPOL framework for e-invoicing in A-NZ, both countries developed and consulted industry on their country specific requirements to the Business Interoperability Specifications (BIS) and local authority processes.

The consultation process ran from 25 July to 14 August 2019 and invited comments on the following documents:

- A-NZ PEPPOL Consultation paper which included an outline of arrangements for the PEPPOL Authority functions and onboarding and accreditation processes

- A-NZ Invoice extension; and

- A-NZ Self-billing extension

Consultation outcomes

A total of 19 submissions were received. Overall respondents were pleased to see the progress that has been made and supported the decision to adopt PEPPOL.

Appendix 1 contains a revised Draft Annex 5 for A-NZ which includes updates arising from the outcomes of the consultation

The key areas raised by submitters have been collated in the following categories, which are discussed in more detail below:

1. PEPPOL Authority and Functions
2. A-NZ extensions
3. Security
4. Reporting
5. Onboarding, testing and accreditation
6. Other feedback

PEPPOL Authority and Functions

A couple of respondents provided their support for ATO to fulfil the role of PEPPOL Authority. A few suggested an independent entity could fulfil the role or it transition to an independent entity at some point in the future.

Based on international experiences, government led PEPPOL Authorities provide confidence to industry and are better positioned to influence government adoption, which is a key catalyst for wider industry adoption.

A-NZ specifications

14 of the 19 respondents to consultation provided comments on the draft A-NZ specifications. The feedback was generally positive with no major concerns or issues that will impact the launch of e-invoicing. Changes to the specifications:

> Element 260 – cac:ClassifiedTaxCategory – cardinality changed from 1**..2** to 1**..1** (schema now matches BIS Billing 3.0).

 – See WET and LCT below for further detail.

> NEW Business Rule AUNZ-R-006 – "Invalid ABN number provided."

 – See ABN validation below for further detail of this algorithm check warning rule.

Guidance notes to be published:

> WET and LCT – guidance on how to manage WET and LCT on an invoice.

> Payment means – guidance for how to manage commonly used payment means in A-NZ that do not appear on the UNCL 4461 code list.

Detailed analysis conducted by A-NZ project team is as follows:

Displaying tax amounts for invoice lines

Two submissions noted that the draft extensions do not support showing tax amounts at the individual invoice line level. We propose that business software can perform customised calculation or information display when processing the UBL invoice based on taxable amount and tax percentage. OpenPEPPOL has provided advice that previous versions of BIS had tax amount at the line level, but this was removed as it resulted in issues of misalignment (for example the sum of the line tax amounts and the calculation of the tax in the sub totals at the document level).

Our preferred approach is to keep the extension consistent with PEPPOL in this regard, and allow business software to manage customised requirements. This will help us ensure international interoperability, and align with the future direction that is likely to be taken by the international invoice.

Australian specific taxes

PEPPOL BIS 3.0 calculations do not support the complexity of multiple tax schemes (i.e. wine equalisation tax (WET) and luxury car tax (LCT)) in Australia as originally described in the draft specifications. To avoid imposing complex calculation and validation rules for all users, and considering these taxes are only required for a small percent of the market, the extension will remove the requirement to display multiple tax schemes, and guidance will be provided on how service providers can include WET and LCT on an invoice.

A more permanent solution for dealing with complex tax scenarios will also be considered in the development of the international invoice, led by OpenPEPPOL.

Invoice response

The [PEPPOL BIS invoice response](#) is optional and the A-NZ PEPPOL Authorities will explore the feasibility of mandating this in the future with OpenPEPPOL and industry.

Entity branching and routing

The challenges of routing invoices internally between 'branches' (e.g. child business entities/ branches under the same business identifier) will be explored more broadly with OpenPEPPOL. Local industry representatives expressed keen interest in working with OpenPEPPOL to address this.

Payment means code

The international code list UNCL 4461 used in the extensions for payment means does not cover some of the frequently used payment methods used in A-NZ (e.g. BPAY). ATO and MBIE will evaluate the feedback provided by respondents. A guidance note will be issued on how required information should be populated in the invoice.

ABN validation

PEPPOL BIS Billing 3.0 includes a warning business rule – [PEPPOL-COMMON-R040](#) – which performs a check to ensure GLNs meet the GLN number structure. This will apply to NZBN because the NZBN is a GLN. The A-NZ specifications now include an additional warning rule that is similar – AUNZ-R-006 – Invalid ABN number provided - where an ABN is provided it must comply with the ABN algorithm.

We will issue guidance on ABN Validation requirements.

Other feedback

A small amount of responses have been sent to submitters to clarify some the questions and comments in the submission, however unless listed above did not warrant a change to the draft A-NZ extensions and will not be progressed further.

Security

Security expectations were outlined in Appendix Four of the [consultation paper](#). Overall there was little to no feedback received about what was proposed. This reflects that many Service Providers operating in Australia are already familiar and meet or exceed the requirements outlined in the paper in their interaction with ATO digital services.

A draft accreditation process guide will be published to provide clarity on the proposed process, including the security checks that would be undertaken. This guide is expected to be finalised in time for APs to commence their onboarding from October 2019 onwards. To increase the visibility of the need to comply with security requirements for accreditation, we have added a clause in Annex 5.

Reporting

There was a general reluctance to report to the authorities and the majority of respondents were not supportive of mandatory reporting of invoice volumes for each business. The main

reasons cited were commercial sensitivity and privacy of customer data, concerns around access by competitors, and level of additional effort to generate the reports.

A-NZ Authorities require reporting to:

a. drive adoption through identifying active businesses and e-invoice usage by segments and demographics on a holistic basis. This data would then be shared to aid government and industry communications and marketing activities, ultimately for the benefit of all e-invoicing users and their service providers. We will continue to seek access to further data on a voluntary basis to achieve this outcome.

b. ensure the network is healthy and growth is in line with projections. Monitoring data flows in the network supports good governance monitoring and decision making.

Where data is considered commercially sensitive and/or private, only aggregated data would be made available to the public.

OpenPEPPOL is planning to introduce a centralised automated reporting framework in early 2020 to make reporting requirements consistent across the network. In the interim, we will minimise the reporting requirements.

The proposed reporting of e-invoice volumes for each business identifier will not be required. Changes to draft Annex 5 arising from consultation:

2.2.3 Reporting

PEPPOL AP Providers shall provide a report to the *PEPPOL Authority*, on a monthly basis that includes the following information:

a) number of effective senders;
b) ~~the identifier (ABN/NZBN/GLN/DUNS) for each effective sender;~~
c) ~~number of registered receivers in the SMP;~~
d) ~~the identifier (ABN/NZBN/GLN/DUNS) for each registered receiver;~~
e) number of transactions sent per Document Type ID;
f) number of transactions received per Document Type ID.
g) ~~number of messages by transport protocol (e.g. AS2, AS4);~~
h) ~~number of Cross-border transactions;~~
i) ~~number of Domestic transactions;~~
j) ~~number of 3-corner model transactions; and~~
k) ~~number of 4-corner model transactions.~~

Reports shall be sent to the *PEPPOL Authority* no later than 10 working days following the end of the calendar month being reported.

A reporting template will be provided.

Onboarding, testing and accreditation

The majority of the feedback was generally supportive of the testing requirements outlined in the proposed Annex 5.

Onboarding

One respondent objected to the intention that Service Providers looking to provide AP or SMP services in A-NZ would be required to sign up with the A-NZ Annex 5. Their main reason was that they were already registered with OpenPEPPOL and had signed up with another Authority.   Advice from OpenPEPPOL is that whilst Service Providers looking to provide AP or SMP services in A-NZ domains should be encouraged to sign the local Authority's Annex 5; that this is not currently enforceable. APs operating across A-NZ would still however need to conform to the A-NZ BIS specification/extension whether they choose to sign up with the local PA/Annex 5 or not.

However, only those Service Providers that have signed the local PA Annex 5 will be listed as an accredited Service Provider on the local PA website.

Testing

Most operators agreed with the need for new access point (AP) service providers to complete interoperability testing prior to release of their product into production in addition to the PEPPOL certification testing.

One service provider with significant experience providing AP services overseas, felt this testing should be limited to the testing within the OpenPEPPOL centralised testbed.

The project team understand the reasons for this recommendation are based on a preference to limit the amount of manual intervention associated with testing. Discussions with OpenPEPPOL however have confirmed that PEPPOL testbed compliance testing does not extend to testing A-NZ BIS specifications. The next iteration of the testbed may provide additional functionality to undertake such testing, however until such time, APs will be required to confirm interoperability and their ability to exchange A-NZ specifications with other APs.

A number of respondents requested further information about accreditation and onboarding process. The project team will look to publish a draft process guide for industry to consider. This guide is expected to be finalised in time for APs to commence their onboarding from October 2019 onwards.

In response to feedback received, the project team has also removed the reference to the 14 day timeframe from the interoperability testing requirements in Annex 5. A review of testing requirements in Annex 5 from other jurisdictions found that around half included a specific timeframe. There will still be an expectation that established APs will be obliged to contribute to successful interoperability testing with new APs as follows:

Changes to Annex 5 based on feedback received:

2.2.1. Interoperability testing of AP services

PEPPOL AP Providers shall complete interoperability testing of their AP services prior to local accreditation being granted. Any such testing shall be agreed with the PEPPOL Authority.

Established PEPPOL AP Providers are obliged to contribute to successful interoperability testing with new Access Points. ~~with 14 days' notice~~.

Other feedback

One respondent suggested that the Australian Government need to do more to increase education and marketing of e-invoicing to businesses.

The A-NZ project teams have a joint A-NZ stakeholder engagement strategy which is complemented by country specific communication strategies. The communication strategy includes the plan for communicating, raising awareness and encouraging market readiness of service providers, government agencies and small and large businesses within in each jurisdiction.

Whilst the current focus in Australia is on government adoption this includes actively working with agencies and suppliers to Government, which includes both large and small business, to understand the benefits and become e-invoicing enabled. We also recognise many small businesses are focussed upon meeting their Single Touch Payroll obligations at this time.

We also attend regular business and software developer forums and events to promote the benefits of e-invoicing and raise awareness amongst this group.

Appendix 1: Revised Draft Annex 5

The following is the proposed Annex 5 to the PEPPOL Transport Infrastructure Agreements for A-NZ. This is subject to final internal approvals and agreement with OpenPEPPOL.

1. Applicable domain

1.1. PEPPOL Authority domain

The *PEPPOL Authority* has been delegated the authority over the implementation and use of the PEPPOL Transport Infrastructure as defined in the PEPPOL Authority Agreement within the following domain:

The country of [Australia] / [New Zealand].

2. Domain specific services and service levels

The *PEPPOL Authority* will enforce the below stated additional restrictions and criteria on all *PEPPOL AP Providers* and *PEPPOL SMP Providers* for their operations in the domain mentioned above.

Disputes related to the content and application of requirements stated in this annex may be brought forward to the *PEPPOL Authority* for final arbitration.

2.1. Security Requirements

PEPPOL SMP and AP Providers must comply with any security requirements defined by the PEPPOL Authority. *PEPPOL SMP and AP Providers* will be required to provide evidence of compliance against the requirements for accreditation and demonstrate their continued compliance to maintain their accreditation.

2.2. Compliance with laws and policies

PEPPOL SMP and AP Providers must comply with, and ensure its officers, employees, agents and subcontractors comply with all laws and policies of the PEPPOL Authority country relevant to the services, and all laws from time to time in force in any jurisdiction in which any part of the Agreement is performed.

If a *PEPPOL SMP Provider or PEPPOL AP Provider* becomes aware of any actual or suspected breach of its obligations, it must immediately report it to the PEPPOL Authority within five (5) business days and comply with any reasonable directions by the PEPPOL Authority in relation to any investigation or further reporting of the actual or suspected breach.

2.3. Services related to the provision of a *PEPPOL SMP Provider*

2.3.1. Business Documents

In addition to the defined PEPPOL Business Documents (PEPPOL BIS), the *PEPPOL SMP Provider* must support any additional Business Documents required by the *PEPPOL Authority* for registration in the SMP.

2.3.2. Registration of End user receiving capabilities in the PEPPOL Directory

The *PEPPOL SMP Provider* shall duly register and maintain the identity and receiving capabilities of each PEPPOL End user that the SMP services, in the PEPPOL Directory.

2.4. Services related to the provision of a *PEPPOL AP Provider*

2.4.1. Interoperability testing of AP services

PEPPOL AP Providers shall complete interoperability testing of their AP services prior to production. Any such testing shall be agreed with the *PEPPOL Authority*.

Established *PEPPOL AP Providers* are obliged to contribute to successful interoperability testing.

2.4.2. End-to-end testing between PEPPOL End users (optional)

Subject to prior agreement, *PEPPOL AP Providers* may participate in end-to-end testing of message exchange between PEPPOL End users.

2.4.3. Reporting

PEPPOL AP Providers shall provide a report to the *PEPPOL Authority*, on a monthly basis that includes the following information:

a) number of effective senders;

b) number of transactions sent per Document Type ID; and

c) number of transactions received per Document Type ID.

Reports shall be sent to the *PEPPOL Authority* no later than 10 working days following the end of the calendar month being reported.

A reporting template will be provided.

2.4.4. Business Documents

In addition to the PEPPOL Business Documents (PEPPOL BIS) defined by the PEPPOL

Coordinating Authority, *PEPPOL AP Providers* shall provide support for any additional Business Documents defined by the *PEPPOL Authority*.

If a PEPPOL End user requires support for the additional Business Documents defined by the *PEPPOL Authority*, the *PEPPOL AP Provider* shall ensure that support for the equivalent PEPPOL BIS, if such exists, is also registered in the relevant PEPPOL SMP.

2.4.5. Validation of Sender's Business Identifier

When acting as a sending AP, *PEPPOL AP Providers* must ensure that senders' ABNs and NZBNs have been validated.

[Note, further guidance material is being developed to support this requirement]

2.4.6. Validation of Business Documents

When acting as a sending AP, *PEPPOL AP Providers* must ensure that business documents are confirmed as valid instances according to the applicable BIS rules before transporting the documents through their AP services, either by providing such validation services on behalf of their customers or by ensuring that the customers themselves have performed such a validation.

2.4.7. Participation in Service Provider Forum

The *PEPPOL Authority* will establish a Service Provider Forum to supervise operation of the infrastructure, including resolution of any disputes amongst *PEPPOL AP Providers*. The Service Provider Forum is anticipated to meet at least twice a year.

The *PEPPOL AP Provider* shall ensure that it is adequately represented in meetings of the Service Provider Forum.

3. Signature

Signing this annex assumes that the PEPPOL SMP/AP Provider has signed a PEPPOL SMP/AP Provider Agreement with a *PEPPOL Authority*.

The provisions contained in this Annex 5 and its attachments shall apply to services offered within the domain defined in 1.1.

Place:

Date:

For the PEPPOL Authority	For the PEPPOL (SMP/AP) Provider

Name		
Position		
Signature		