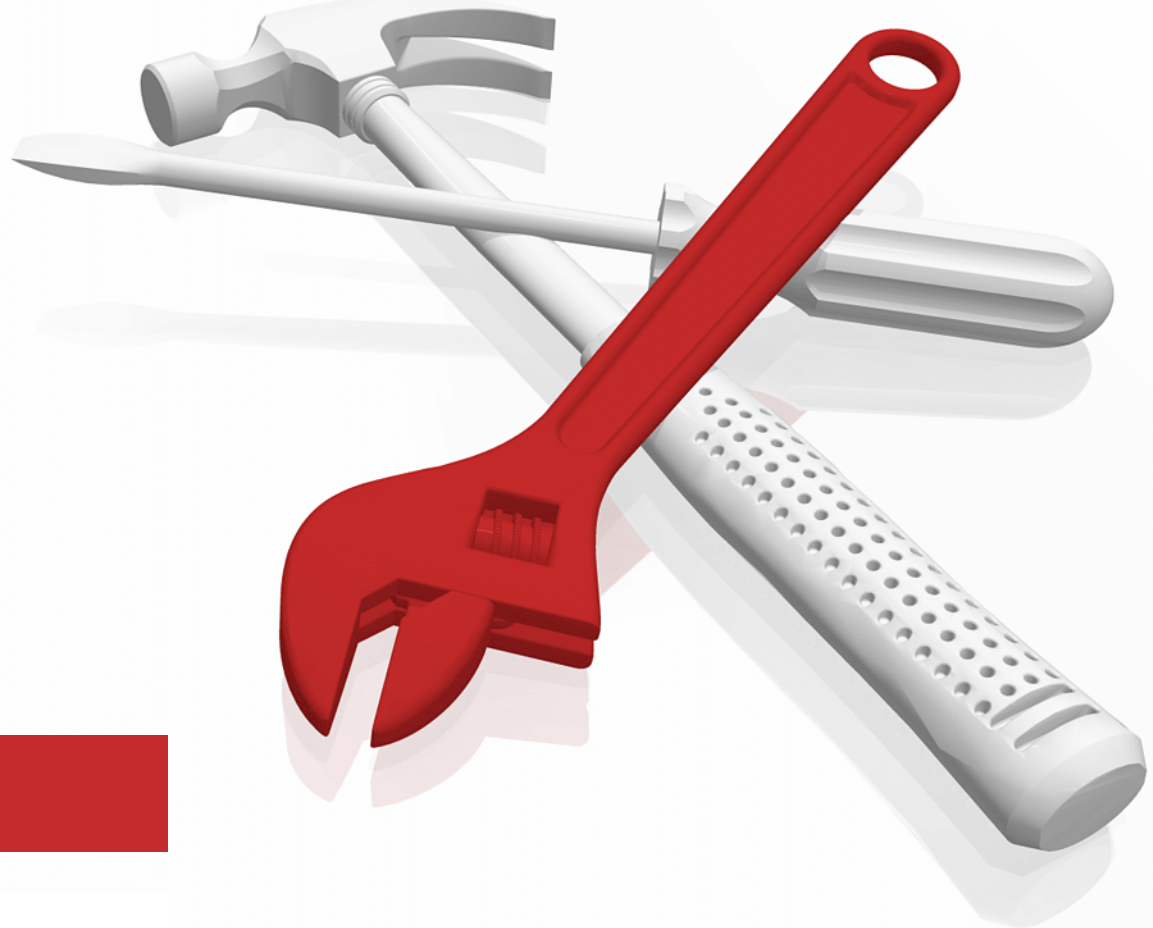


Enable Compliant Electronic Invoicing with IBM Sterling e-Invoicing

Chris Hayes



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Introduction

Many countries that are outside of the United States have a value-added tax (VAT) and rely on the invoice document as a key mechanism for VAT auditing and fraud prevention. IBM® Sterling e-Invoicing automates buyer and supplier electronic invoice processes in compliance with country-specific tax regulations. This compliance reduces corporate risk and exposure while improving operational efficiencies. Figure 1 shows the worldwide e-invoicing regulatory systems that exist today.

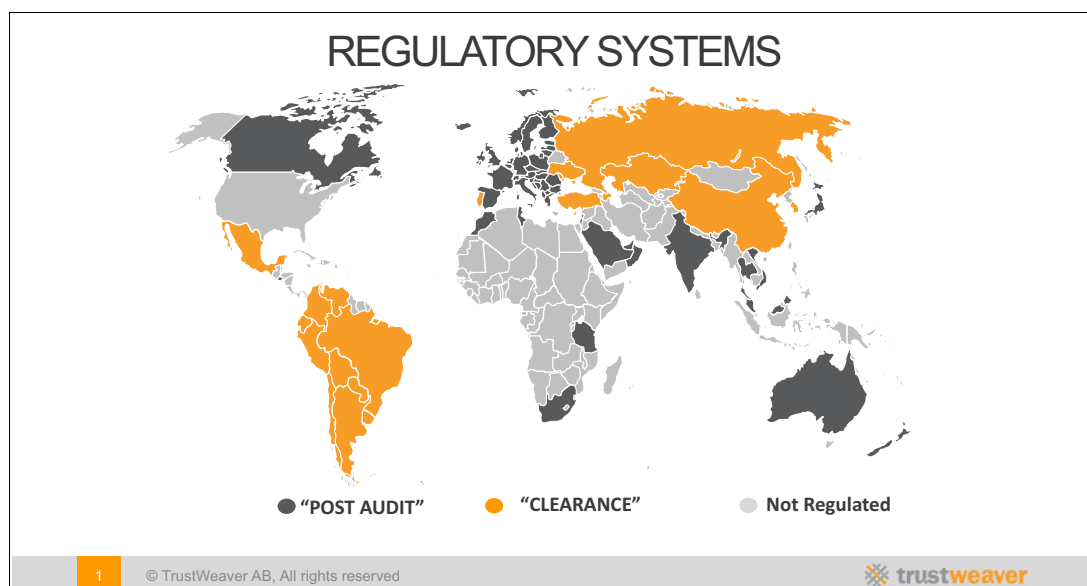


Figure 1 Worldwide e-invoicing regulatory systems (contributed by TrustWeaver AB)

This IBM Redbooks® Product Guide describes the key requirements and challenges of global e-invoicing and the ways IBM Sterling e-Invoicing enables customers to address these challenges. This publication explains the business value of the product, provides an overview and high-level architecture of the product, and includes a usage scenario.

Did you know?

Although most companies send e-invoices within and across national borders, many companies struggle to address the complexities of the different legal requirements that are involved. IBM Sterling e-Invoicing offers a seamless solution for multi-domestic and cross-border e-invoicing.

Business value

IBM Sterling e-Invoicing helps companies adapt to the complex, ever-changing business and technical regulations that are associated with international electronic invoicing. This product automates business processes and tax compliance by using global integration standards to support buyer and supplier compliance in a single product. This product also maintains conformity with tax regulations for multiple countries. IBM Sterling e-Invoicing features the following benefits:

- ▶ Reduces the risk of non-compliance with tax regulations by supporting the requirements that allow for the highest degree of legal certainty in each supported country.
- ▶ Reduces costs through the automation of manual invoice processing, archiving, and auditing.
- ▶ Simplifies the technology management requirements of delivering complex electronic invoicing in post audit and clearance countries through a single product.

E-invoicing and value added tax

According to TrustWeaver, the VAT gap in many instances is a major concern for many countries whose tax administrations strive to improve the effectiveness of their VAT collection processes:

Worldwide, Value Added Tax (VAT) represents 15 - 40% of all public revenue. On average, however, 20% (for example, in the European Union) to over 30% (for example, in Latin America) of VAT is never collected due to fraud and malpractice. In many countries, this "VAT gap" is big enough to significantly impact the economy.¹

E-invoicing features the following prevalent models:

- ▶ Post Audit approach (applied by European Union [EU] and others):
 - Self-assessment tax with retrospective audits to establish that a company's accounts accurately reflect the actual sales and purchase transactions on which VAT is calculated and reported.
 - Evidence is based on historical information that, within the limits of applicable law and practical parameters, can be obtained from the taxable person who is being audited.
- ▶ Clearance approach (applied by Brazil, Mexico, Russia, and Turkey):
 - Legal regimes in which an electronic invoice must be sent to the tax administration for authorization before, during, or just after issuance of an original tax invoice.
 - The clearance systems in operation today have a number of high-level features in common, but there are also major differences.

Even within these two models, there are many more differences and complexities. The challenge for companies that are undertaking e-invoicing projects is supporting these different requirements. This circumstance is true for large multi-national corporations, which must support invoices across many different tax administrations, including cross-border invoices where the legal requirements in both countries must be considered.

¹ *Tax-compliant global electronic invoice lifecycle management*, May 2015, TrustWeaver AB:
<http://www.trustweaver.com/>

Overview and architecture

IBM Sterling e-Invoicing automates business processes and tax compliance by using global integration standards to support buyer and supplier compliance in a single product. It also maintains conformity with tax regulations for multiple countries.

This product is powered in part by TrustWeaver, a recognized leader in the e-invoice market segment. TrustWeaver collaborates with industry leaders, expert lawyers, consultants, and tax authorities to develop and maintain compliant, multi-country electronic signature support for electronic invoices.

IBM Sterling e-Invoicing combines the tax compliance domain expertise of TrustWeaver with the world-class integration capabilities and experience of IBM.

IBM Sterling e-Invoicing provides the key capabilities that companies need to enable multi-national, cross-border e-invoicing with a single, scalable product. It features the following key capabilities:

- ▶ **Signature Services**
Applies the required advanced electronic signatures by using authorized certificate authorities to create a tax-compliant legal invoice.
- ▶ **Validation Services**
Confirms that all required advanced electronic signatures are valid and were applied to all legal invoices.
- ▶ **Asynchronous API for Clearance Countries**
Supports the direct participation of the tax authorities in the B2B invoicing process that is required in clearance countries (for example, Brazil and Mexico).
- ▶ **Archive Services**
Online access for buyer and supplier to all archived invoices for the required individual country time frames.
- ▶ **“On Behalf Of” Buyer and Supplier Processes**
Sign and validate on behalf of your trading partners.

Table 1 lists IBM Sterling e-Invoicing support for various countries.

Table 1 Sterling e-Invoicing supported countries

Prevalent e-invoicing models	Supported countries
Post Audit	Andorra, Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Isle of Man, Israel, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Morocco, Netherlands, New Zealand, Norway, Poland, Portugal, Qatar, Romania, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, UK, and US
Clearance	Brazil, Mexico, and Turkey

Usage scenario

A large multi-national company wanted to standardize its approach to e-invoicing to accelerate onboarding times for clients and increase scalability to accommodate anticipated growth. To mitigate any potential risk to their worldwide brand, they needed to ensure that all e-invoicing was done in accordance with local VAT regulations and best practices.

While providing support for e-invoicing in some countries with fairly straightforward requirements, their current solution did not support their needs to enable e-invoicing in new growth markets around the world or to support cross-border e-invoicing between countries. This situation necessitated the continued use of paper-based invoicing in many of the markets where they did business. The company decided to move to IBM Sterling e-Invoicing to gain the benefits of electronic invoicing while also ensuring they were compliant with VAT laws in the various countries with which they interacted.

The company found that in addition to eliminating the cost of printing and mailing paper invoices, Sterling e-Invoicing accelerated the cash cycle for disputed and undisputed invoices. It also improved client relationships by reducing the time and effort for clients to match invoices with purchase orders. IBM Sterling e-Invoicing automated the buyer and supplier electronic invoice processes in compliance with country-specific tax regulations, reduced company risk and exposure, and improved their operational efficiencies.

Integration

Companies must integrate their supply-chain process with suppliers and customers, exchanging documents, such as orders, ship notices, and invoices. Sterling e-Invoicing is part of the IBM B2B Cloud Services, which enables companies to connect and collaborate securely with customers, suppliers and Business Partners and get unprecedented visibility and control over the business processes they share with companies across their extended value chain.

The following products are included in the IBM B2B Cloud Services (along with Sterling e-Invoicing):

- ▶ IBM Sterling Collaboration Network
Connect and collaborate securely with customers and Business Partners. Get unprecedented visibility and control over the business processes that are shared with outside companies.
- ▶ IBM Sterling File Transfer Service
Manage a single, secure, and reliable connection to reach your partners without the capital expense that is associated with on-premises software or the operational effect on your IT staff.
- ▶ IBM Sterling Integration Services
Alleviate the burden on internal resources with comprehensive service offerings for partner onboarding, B2B process management, and trading partner support.

Supported platforms

IBM Sterling e-Invoicing is a cloud-based product.

Ordering information

Contact IBM to discuss how IBM can best help you enable compliant e-invoicing. For more information, see this website:

<http://www.ibm.com/software/products/en/e-invoicing>

Ordering information is listed in Table 2.

Table 2 Ordering part numbers and feature codes

Program name	PID number	VRM
IBM Sterling B2B Services e-Invoicing	5725-E36	SaaS

Related information

For more information, see the following resources:

- ▶ IBM Sterling e-Invoicing product page:
<http://www.ibm.com/software/products/en/e-invoicing>
- ▶ IBM B2B Cloud Services:
<http://www.ibm.com/software/commerce/b2b/b2b-integration/cloud-services/>
- ▶ IBM Offering Information page (announcement letters and sales manuals):
http://www.ibm.com/common/ssi/index.wss?request_locale=en

On this page, enter IBM Sterling e-Invoicing, select the information type, and then click **Search**. On the next page, narrow your search results by geography and language.

Author

This Product Guide was produced by **Chris Hayes**, an IBM Senior Product Marketing Manager and specialist working with the International Technical Support Organization.

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