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UN/CEFACT puts its weight behind e-invoicing

If well implemented, electronic invoicing can bring very substantial savings to large and small companies. It can facilitate migration to paperless trade, and it could also be instrumental to fight the “grey market” and corruption. Why then, if Governments have approved the relevant laws and regulations to encourage e-invoicing, paper bills still account for over 95% of the total number of invoices in Europe and the United States?

The main reason is the lack of a common international standard for the layout and the data elements, the legal requirements and the XML message.

Experience shows that it is not sufficient to have a high-level legal framework. The continuing differences in national regulatory requirements, even within the European Union, or the various interpretations of the legislation, including technology requirements, still are a hurdle for business to move towards electronic invoicing. Therefore, an initiative at United Nations level is very important to remove the remaining barriers to expedite adoption.

To address this issue, the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) has set up a new Trade Facilitation project to revise the existing UN/CEFACT Recommendation 6 on the Invoice for International Trade, adapting it to the business and regulatory requirements of e-invoicing.

The revised Recommendation will resolve the obstacles to electronic invoicing, providing a solution that can be easily implemented by small and medium-sized enterprises (SMEs) and large companies alike. The draft will be presented during the UN/CEFACT International Forum^{*/} on “Paperless Trade: Setting a Roadmap for Secure and Efficient Trade”, where relevant regulatory and business stakeholders will present their initiatives towards paperless trade and commit to a roadmap to make it happen.

The project will define what data elements are necessary to make automatic invoice reconciliation possible, and what information must be present so that financial institutions are able to process the invoice as effectively as possible.

The various requirements as to the authenticity of the origin and integrity of the content of the invoice will be analyzed from a legal standpoint, to define “how” a business should pursue its obligation to electronically “send” and “store” the invoice.

^{*/} Third International Forum on Trade Facilitation, 20-21 June 2005, Geneva, <http://www.unece.org/forums/forum05>

Finally, the Group will analyze the data content requirements from a VAT/Sales Tax perspective.

UN/CEFACT has called upon the industry and government agencies to provide their competence and support.

IATA, the International Air Transport Association, is keenly interested in electronic invoicing, not only as a means to make its billing systems more efficient, but also as a way to improve the efficiency of invoice handling procedures for all parties in the airline industry (e.g. airlines, travel agents).

PricewaterhouseCoopers (PwC) - a recognized authority in the field of tax and legal issues linked to electronic business – will contribute its work to the Group. Its advice to the European Commission was instrumental in the drafting of the EU directives on electronic invoicing. PwC also contributed to the OECD initiatives aimed at achieving legal interoperability.

CEN, the Brussels-based European Committee for Standardization, will also be fully involved, with the Chair of the CEN Electronic Invoicing Working Group appointed as Chair of the project.

Co-chairing the Group will be the Project Leader of Basel's University of Applied Sciences SwissDIGIN initiative. SwissDIGIN aims to foster the adoption of e-invoice by Swiss SMEs. It is endorsed by major players and service providers such as ABB, Buehler Group, PayNet, PostFinance, RUAG Aerospace, SBB, Swisscom, Swisscom IT Services, Syngenta and UBS.

Other companies and organizations interested in the project include the European Commission's IDABC (Interoperable Delivery of Pan-European e-government Services to Public Administrations, Businesses and Citizens) programme, FESA (Forum of European Supervisory Authorities for Electronic Signatures), OB10.com, Europe's leading third party electronic invoicing service provider, and Arthur D Little, a leading consulting firm that is working with the Italian Banking Association on a new payment services designed to support payment automation.

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