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DG ENTR/D4

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**STANDARDISATION MANDATE TO CEN, CENELEC AND ETSI IN SUPPORT OF
INTEROPERABILITY OF ELECTRONIC INVOICING IN THE COMMUNITY**

1. TITLE

Mandate to CEN, CENELEC and ETSI in support of the regulatory framework for electronic invoicing, namely:

- [Council Directive 2001/115/EC](#) of 20 December 2001 amending Directive 77/388/EC with a view to simplifying, modernising and harmonising the conditions laid down for invoicing in respect of value added tax¹.

This Mandate refers in particular to Article 2, point 2 that concerns the transmission and storage of electronic invoices.

2. RATIONALE

2.1 Introduction

At the time the Sixth VAT Directive was adopted (1977)², it was not an absolute necessity to have one single set of rules regarding invoicing. Therefore, it was decided to leave it to Member States to fix most of the rules regarding the creation, transmission and storage of invoices. The Sixth VAT Directive contained only the obligation to issue the invoice itself, together with a minimum list of compulsory mentions.

Today in the Single Market the situation regarding the diffusion of e-business practices is completely different:

- It is now more common for traders to have to cope with different national invoicing requirements for taxable supplies in different Member States;
- Traders today often have a single invoicing centre which works for different establishments and issues invoices which are then submitted to different national legislations;
- With the adoption of e-business practices by both large and small enterprises and national tax administrations, electronic invoicing has become common practice. However, the burden lies with the traders to cope with the existence of 15 different legislations. In certain States they are required to have prior authorisation (or only

¹ OJ L 15, 17.1.2002, p. 24

² OJ L 145, 13.6.1977, p. 1

notification) for issuing electronic invoices, and in others coping with different technical requirements causes problems. Furthermore, in certain cases the use of electronic invoicing is forbidden or very difficult, and often cross-border electronic invoicing is difficult due to the existence of incompatible legislation in certain Member States and the fact that paper copies are obligatory.

In order for the traders to fully benefit from the advantages of electronic invoicing, commonly agreed standards in support of interoperable service provision are a key prerequisite. The objective of this Mandate is to stimulate further standardisation work in this domain, with the view to supporting the effective implementation of the related Directive 2001/115/EC.

2.2 The legal environment

From a legal point of view, traders will benefit from the Directive 2001/115/EC, which recognises at EU level the legal validity of electronic invoices for VAT deduction. This new Community harmonised legislation on invoicing including obligatory mentions, electronic invoicing and storage, will greatly improve trading. The new rules require:

- a harmonised list of ten mandatory general items and four specific items on information for every invoice;
- simplified arrangements for small companies or invoices for small amounts;
- a full acceptance of electronic invoicing by Member States' tax authorities, without any notification or authorisation system, on condition that the authenticity of origin and integrity of data are guaranteed, through the use of electronic signatures or Electronic Data Interchange (EDI). Member States can also accept that invoices may be sent by other electronic means subject to acceptance by the Member State(s) concerned;
- the possibility, under certain circumstances, of outsourcing invoicing operations to a third party or to the customer (i.e. self-billing);
- the free choice of the place and method of storage of invoices and acceptance of electronic storage.

The Directive 2001/115/EC which Member States are required to implement by 1 January 2004, sets down the time limits on harmonised rules on VAT invoicing. On electronic invoicing, at least two alternative methods will be accepted by all Member States:

a) the use of "*advanced electronic signatures within the meaning of Article 2(2) of Directive 1999/93/EC of the European Parliament and of the Council of 13 December 1999 on a Community framework for electronic signatures; Member States may however ask for the advanced electronic signature to be based on a qualified certificate and created by a secure-signature-creation device, within the meaning of Article 2(6) and (10) of the aforementioned Directive*" or

b) the use of "*electronic data interchange (EDI) as defined in Article 2 of Commission Recommendation 1994/820/EC of 19 October 1994 relating to the legal aspects of electronic data interchange when the agreement relating to the exchange provides for the use of procedures guaranteeing the authenticity of the origin and integrity of the data; however Member States may, subject to conditions which they lay down, require that an additional summary document on paper is necessary*".

It should also be noted that the electronic signature is only requested for the technical security it gives to documents (authenticity of origin and integrity of data).

2.3 The standardisation environment

The new VAT legal framework refers to already existing definitions, such as EDI, *advanced electronic signature, qualified certificate, secure signature-creation device, electronic data interchange*, for which standardisation work is ongoing. Therefore, accelerating and broadening the standardisation work in these domains will enhance the potential benefit from Directive 2001/115/EC, taking due account of the legal requirements for electronic invoices.

A [report](#) has been published by CEN/ISSS that analyses the standardisation requirements resulting from the new VAT legal framework.

The overall conclusions of this report can be summarised as follows:

- With e-business being established in large and small enterprises, there is an urgent requirement from business and tax administration to have a standardised approach to electronic invoices, which meets the needs of all business and tax administrations and is of central importance for the success of e-commerce. This approach should also include consensus on business best practice.
- Although standards on EDI and on electronic signatures are available to a certain extent, too many issues on interoperability surround especially cross border electronic invoicing and VAT, and too diverse legislation on electronic signatures and VAT in Member States prevent business and administration to make adequate use of European harmonisation in electronic commerce.

3. SCOPE OF THE MANDATE

The Mandate shall be executed in two phases.

The objective of the first phase is:

- To prepare, based on the results of the aforementioned CEN/ISSS report and taking into account current work at European and international level, for a detailed standardisation work programme in support of electronic invoicing. The work programme should reflect the technical requirements and the required levels of interoperability as defined by the legal framework, bearing in mind the electronic means that are specified in the Directive 2001/115/EC (i.e. advance electronic signature or EDI) as well as the other electronic means that Member States choose to accept. The work programme shall, in particular, define clear objectives, task assignments and timetables for the delivery of the required standards (e.g. EN, TS, CWA) or guidelines. The work programme shall be presented to the Commission not later than six months after the acceptance of the Mandate.

The objective for the second phase is:

- To implement the standardisation work programme as agreed in the first phase, in addition to a consultation with the Member States organised by the Commission. The execution of the specific standardisation tasks shall be carried out in close co-operation with all relevant stakeholders.

4. MODUS OPERANDI AND CO-ORDINATION ASPECTS

The objective is to further advance the standardisation work in support of the legal framework, taking into account that the Member States shall implement the legal and administrative provisions necessary to comply with the Directive 2001/115/EC with effect from 1 January 2004. CEN, CENELEC and ETSI are invited to establish adequate and efficient co-operation mechanisms in view of achieving widest possible consensus amongst all parties concerned. In addition, arrangements shall be made to establish

relevant international co-operation. In this respect, the following principles shall be followed:

- Close co-operation with relevant industry fora and consortia (e.g. OASIS) shall be established, as appropriate.
- International co-operation shall be ensured, in particular with IEC, ISO, ITU, UN/CEFACT and UN/EDIFACT, as appropriate.
- Results of relevant EU research projects shall be taken into account.
- Particular attention shall be given to the involvement of national organisations and authorities concerned with the implementation of the Directive 2001/115/EC.

5. EXECUTION OF THE MANDATE

5.1. Within two months of the date of acceptance of this Mandate, CEN, CENELEC and ETSI shall present a report to the Commission setting out the arrangements they have made for the execution of this Mandate. Particular attention shall be given to the involvement of all relevant parties and to the working arrangements with relevant industry fora and consortia.

5.2 Within six months of the date of acceptance of this Mandate, CEN, CENELEC and ETSI shall present the proposed work programme (with the definition of the objectives, target dates, and performance criteria) to implement the recommendations of the CEN/ISSS report.

5.3 Subject to the acceptance of the proposed work programme by the Commission, CEN, CENELEC and ETSI are invited to execute the work. Adequate monitoring mechanisms for the work will be put in place as soon as possible.

5.4 With acceptance by CEN, CENELEC and ETSI of the Mandate the appropriate standstill period in accordance with Article 7.1 of the Directive 98/34/EEC as amended will start.