The Global Guide to e-Invoicing Compliance

Tradeshift

Plateforme agréée
Facturation électronique
RÉPUBLIQUE FRANÇAISE

Introduction

Learn about the latest in global e-Invoicing compliance requirements, continuous transaction controls (CTC), and real-time reporting.

Global organisations face the increasingly complex challenge of complying with regulations relating to e-invoicing compliance requirements, continuous transaction control (CTC), and real-time reporting. Governments worldwide are digitizing their tax systems and implementing e-invoicing requirements and controls that differ from one country to the next.

Businesses need to modernize their invoicing processes, transact documents through government networks, meet diverse regulatory requirements, and seamlessly integrate these processes with their existing financial systems—all while keeping up with continuously evolving regulations.

Some businesses opt for a DIY approach, building internal teams to adapt their e-invoicing compliance processes and systems for direct integration with government clearance systems. However, this approach is fraught with challenges. We often receive calls from businesses that initially chose this path, only to find themselves overwhelmed as deadlines approach.

The costs and complexities of managing e-invoicing compliance internally are daunting. For global businesses, meeting an ever-expanding list of local requirements can quickly become a Sisyphean challenge, hindering overall business operations.

This guide will explore why more governments are implementing e-invoicing compliance and CTC mandates, what these mandates entail, their challenges, and how Tradeshift can help you transform these potential risks into competitive advantages. Whatever your compliance needs, rest assured—we've got you covered.

Chapters

The Why of e-Invoicing Mandates

Closing the VAT Gap

For over 20 years, governments worldwide have been striving for greater control, regulation, and insight into domestic and cross-border business transactions.

Some of the reasoning behind the shift towards mandatory e-invoicing stems from a desire to modernize administrative processes and improve overall efficiency in business transactions. That was especially the case in the Nordic countries, which were among the first to mandate e-invoicing standards. However, the greater catalyst and driver for e-invoicing comes from the rising tide in VAT and GST tax reform now occurring worldwide, along with ongoing efforts to reduce tax evasion and fraud.

The Gap: 44% of Potential VAT Revenue is Never Collected

166 out of 193 OECD countries levy some form of VAT, but as much as **44%** of potential VAT revenue is **never collected** by tax authorities. In its 2022 report on the issue of the value-added tax (VAT) gap, the European Commission found that EU member states were short an estimated **€93bn** in VAT revenues in 2020.

A growing number of countries have published or expressed an intention to rework tax reporting and collection systems to combat "**lost VAT**," commonly called the "VAT Gap."

The Post-audit Model

Traditionally, most countries have used a **post-audit model** for business-to-business (B2B) transactions, where invoices are exchanged directly between seller and buyer and reviewed by tax authorities post-issuance.

Businesses must retain proof of invoice accuracy for up to a decade, as audits can occur months or years after a transaction. Paper and PDF invoices remain surprisingly common in the post-audit model. Still, it is often combined with voluntary e-invoicing, which means digital invoices can be accepted for VAT compliance purposes, provided they meet certain conditions.

European tax authorities viewed the post-audit model as accommodating larger enterprises' desire to automate inefficient invoice processes by adopting e-invoicing. While this model theoretically simplifies tax monitoring and collection, post-audit procedures are often costly, inefficient, and cumbersome.

The rise of clearance models and continuous transaction controls (CTC)

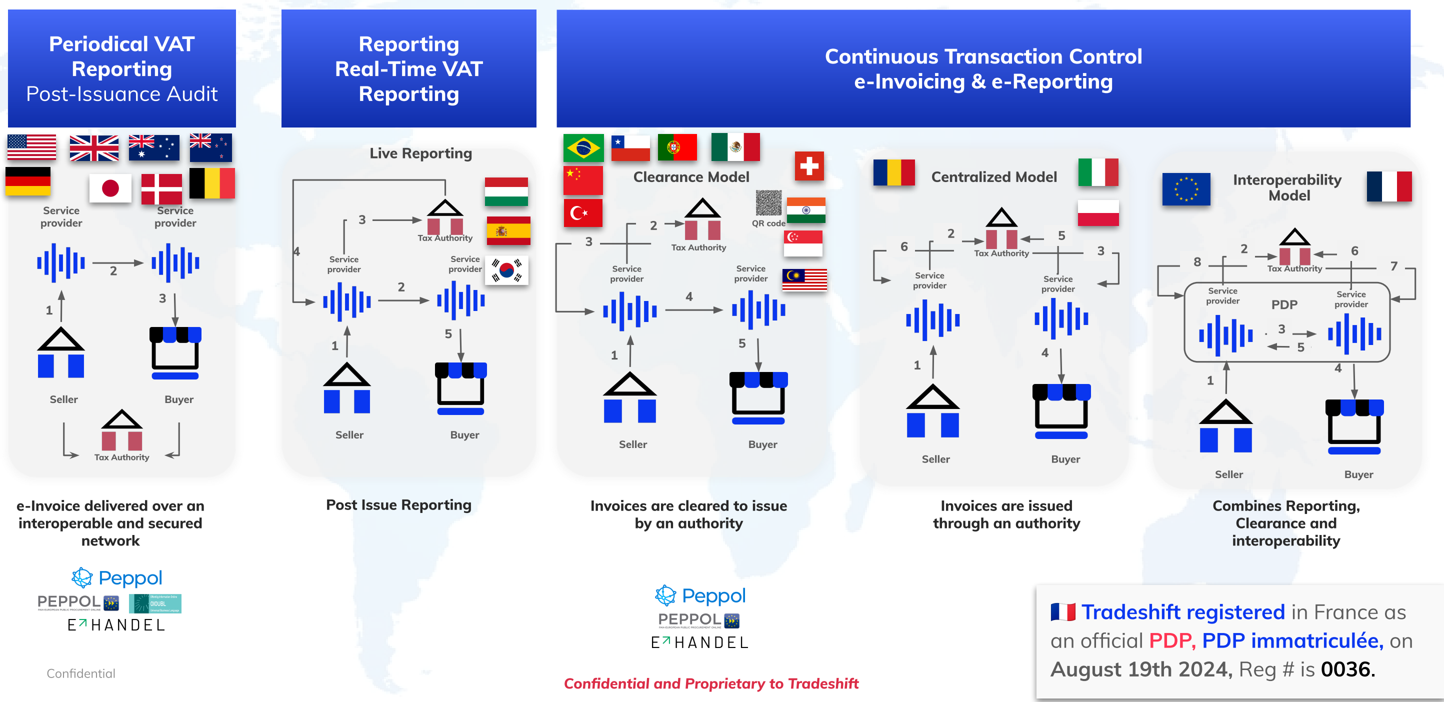
While Europe was implementing optional e-invoicing following the post-audit model, elsewhere, countries in Latin America took a much more radical approach that focused squarely on closing the VAT Gap. This led to the ‘clearance model,’ or **Continuous Transaction Controls (CTC)**.

In clearance models, tax authorities validate or clear invoices before sending them to buyers, ensuring they comply with tax regulations. Transaction data must be submitted to a tax authority platform **before, during**, or immediately **after** the supplier sends each invoice to a buyer, providing government agencies with a real-time or near-real-time view of transactions.

Continuous transaction controls are either **centralized**, requiring suppliers to send e-invoices through a centralized tax authority system, or **decentralized**, where suppliers can e-invoice buyers **directly** but must simultaneously send reporting data to the tax authority.

E-invoicing is generally required as part of a CTC mandate, but exceptions exist. In India, for example, the invoice must be cleared by the tax administration, but it’s not mandatory to subsequently exchange the invoice in a digital format.

The e-Invoicing compliance landscape is complex



What is Peppol

PEPPOL is an infrastructure and a network for exchanging electronic business documents, such as e-invoices, relating to B2B e-commerce and e-procurement.

Created in 2008 as an EU project by the European Commission, it aimed to facilitate the development of e-commerce in Europe. Later, it became a global network of service providers and national government authorities, forming the non-profit "**OpenPEPPOL**" organization under Belgian law.

PEPPOL is in use in 31 European countries plus Australia, Canada, New Zealand, Singapore, South Africa, and the United States. OpenPEPPOL has Certified Access Points in 29 European countries as well as in Australia, Canada, New Zealand, Singapore, and the USA.

Tradeshift is a founding member of the OpenPEPPOL organization and uses its artefacts and specifications to enable cross-border e-procurement and e-invoicing.

Mandated e-Invoicing: A Global Trend

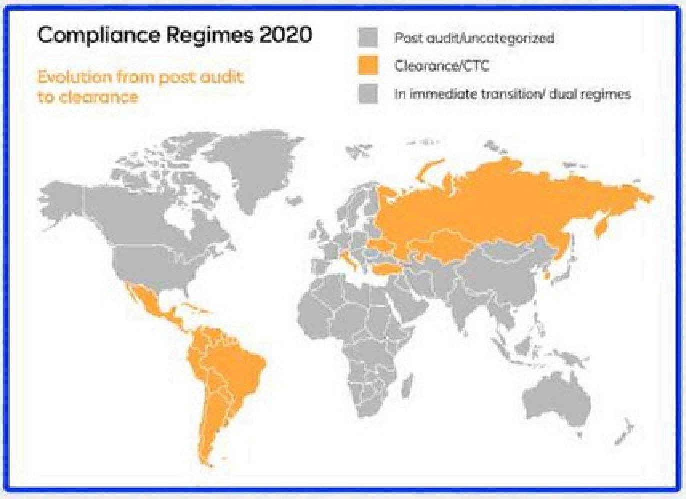
As the success of the CTC model becomes obvious, more countries are hopping on the e-Invoicing mandate bandwagon.

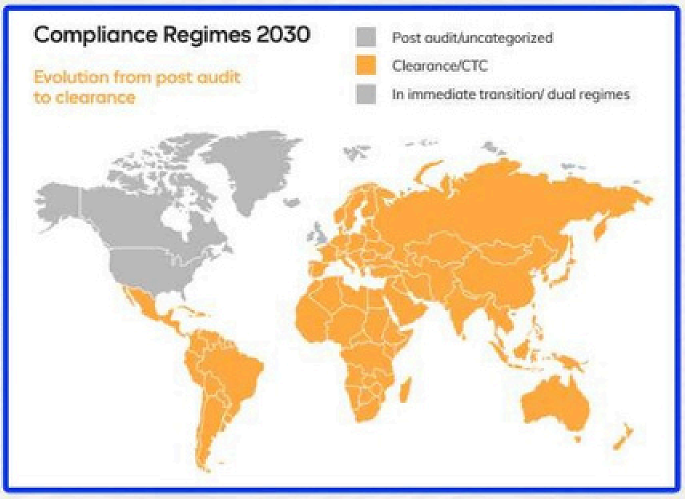
The CTC model addresses the inefficiencies that have always characterized retroactive audits. The impetus behind the move to mandated e-invoicing and CTC systems is highly consistent from country to country, with the main benefits being to:

1. Drive uniform tax compliance.
2. Increase tax collections and revenue.
3. Protect against tax fraud and corruption.

The results have been impressive. Brazil reported a $58 billion increase in tax revenue through its CTC model. Italy increased tax revenue by $4.76 billion by validating and clearing more than 890 million invoices.

Due mainly to the staggering improvements in revenue collection and economic transparency demonstrated by countries with existing CTC regimes, countries in Europe, Asia, and Africa have also started moving away from post-audit regulation and adopting CTC-inspired approaches.





Learn more about how Tradeshift helps you navigate global e-invoicing

Living 'la ViDA loca'

One region that's been turned upside down by the spectacular success of the CTC model is the EU. In December 2022, the European Commission announced a series of measures to modernize VAT across the European Union through the VAT in the Digital Age (ViDA) set of regulations.

ViDA proposes several measures to ensure efficient VAT collection while simplifying administrative processes for businesses. One key pillar is mandatory CTC e-invoicing/e-reporting across the region.

The ViDA proposal explains that switching to electronic invoicing will help reduce VAT fraud by up to €11 billion per year over the next ten years.

The three pillars of ViDA

Digital Reporting Requirements (DRR): This pillar will involve a real-time digital reporting system that facilitates smoother data exchange between businesses and tax authorities. The focus is on generalizing e-invoicing and standardizing the information businesses must submit for each transaction with tax authorities.

Platform Economy Rules: This pillar addresses the challenges of the platform economy, particularly in sectors like short-term accommodation rentals and passenger transport services. ViDA aims to clarify existing VAT rules for these platforms and potentially enhance their role in VAT collection.

Single EU VAT Registration: This pillar aims to simplify VAT registration for businesses that operate across multiple EU countries. Currently, companies may need to register for VAT in each country they operate in, which can be a complex and time-consuming process. A single EU VAT registration would streamline this process and reduce administrative burdens.

Standardization - up to a point

ViDA intends to provide a degree of harmonization in the future. Over time, that will mean standardized e-invoicing formats across the EU. We also expect to see at least some level of real-time reporting requirement in every country across the region. Even so, there will be significant differences in how individual countries implement new mandatory e-invoicing regulations regarding what they do and the timelines they follow.

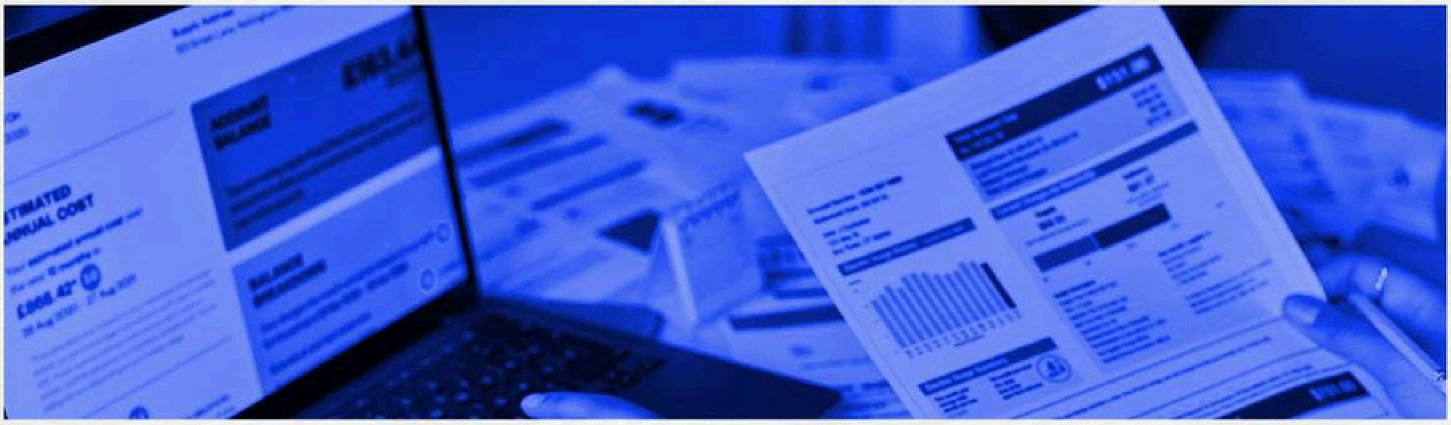
One of the first countries in Europe to implement mandatory e-invoicing was Italy. The Italian model looks similar to some Latin American clearance models, with a single, central government portal to which all suppliers must connect to deliver their invoices.

The Polish mandatory e-invoicing model is similar to that in Italy, with a central portal, KSeF, and its own XML invoice format. However, unlike in Italy, the invoice is not checked for business/tax data. Nor does it manage invoice delivery.

France has adopted its B2G e-invoicing platform and adapted it to become its public portal (PPF). Unlike Poland and Italy, three invoice formats can be accepted: UBL, CII, and Factur-X.7. Under the French CTC model, invoices to government bodies must be submitted electronically via the Chorus Pro platform. Companies in France have the choice of either connecting independently and directly to the official government platform Chorus Pro (the "Portail Public de Facturation" or PPF) or using an appropriately certified third-party platform (The "Plateforme de Dématérialisation Partenaire" or PDP).

The French Government has suggested that the PPF will only have basic core functionality and only smaller businesses are expected to submit invoices directly to Chorus Pro. The overwhelming majority will need to partner with a PDP for larger organizations.

Click here to watch out video on How to Prepare for the French e-Invoicing Mandate with Tradeshift PDP



PDP candidates and accreditation process for e-Invoicing in France

Tradeshift is one of a select group of companies that have qualified as a PDP candidate in the formal accreditation process run by the French Government.

In August 2024 Tradeshift was **awarded PDP registered status** by the DGiF (Direction générale des Finances publiques). In practice, this means that it has successfully demonstrated its ability to handle the requirements of the French government's compliance mandate.

We have a deep understanding of the French Government's e-invoicing requirements. We are well-placed to accommodate any changes to current and future modifications to e-invoicing and e-reporting standards in France.

Visit our regularly updated **France e-Invoicing content hub** to learn how we're helping businesses stay up-to-date and ready for the change.

A global patchwork of e-Invoicing regulations

More than **80 countries worldwide have e-invoicing mandates**, and 50 have announced their intention to impose new or additional mandates. We expect most countries with VAT, GST, or similar indirect taxes to fully or partially adopt such CTC controls by 2030.

Countries timeline | Looking at the future

As of March 2025

2025

- **Germany:** Phase 1 B2B e-invoicing starting January 1st 2025.
- **France:** Official PDP Pilot phase starts in March 2025.
- **Greece:** Issuance of the electronic delivery note becomes mandatory for companies with a turnover exceeding €200,000 or in specific sectors starting April 1st 2025.
- **Brasil:** NFCom: New mandatory tax requirement in Brazil starting April 1st 2025.
- **Costa Rica:** Mandatory use of version 4.4 in electronic documents starting June 1st 2025.
- **Estonia**: As of July 1, 2025, invoice recipients will have the option to receive invoices exclusively in electronic format.
- **Malaysia:** E-invoicing mandatory for all taxpayers by July 1st 2025.
- **Spain:** Mandatory use of VeriFactu systems that electronically submit billing records to the Spanish Tax Agency (AEAT) starting July 1st 2025.
- **Australia:** By July 1, 2025, all businesses will be required to adopt e-Invoicing upon request.
- **Latvia:** Phase 1: mandatory e-invoicing for public sector transactions.
- **Slovakia:** Mandatory e-invoicing for B2B.
- **UK:** Consultation on the adoption of e-invoicing.
- **Israel:** Mandatory e-invoicing for transactions > 20k NIS
- **Saudi Arabia:** E-invoicing requirement extended to 21st group of taxpayers from November 30, 2025 (part of second phase rollout)
- **Paraguay:** E-invoicing mandatory for new taxpayers. B2B - B2C
- **Dominican Republic:** Mandate for large businesses B2B - B2C

2026

- **Belgium:** E-invoicing mandatory established B2B - VAT registered businesses via Peppol. PDF not accepted.
- **Croatia:** E-invoicing mandate proposed for B2B via Peppol. Real-time reporting.
- **France:** E-invoicing and e-reporting mandatory for large and medium B2B taxpayers. **All companies** regardless of their size must be able to receive e-invoices.
- **Israel:** Mandatory e-invoicing for transactions > 15k NIS
- **Poland:** February - Mandatory e-invoicing commences for large taxpayers with an annual turnover exceeding PLN 200 million. April: Full implementation for all taxpayers.
- **Singapore:** Mandatory e-reporting for certain B2B transactions
- **Latvia:** Phase 2: Mandatory e-invoicing extended to all businesses.
- **Slovenia:** E-invoicing proposal for B2B.
- **Portugal:** Qualified Electronic Signature mandatory.
- **UAE:** E-invoicing mandate live by July.

2027 - 2028

2027

- **France:** Issuing and reception of e-invoices and e-reporting obligations will extend to **Small sized companies.** At this stage, e-invoicing and e-reporting will be mandatory for all businesses.
- **Israel:** Mandatory e-invoicing for transactions above 10,000 NIS
- **Germany:** E-invoicing mandatory Phase 2 B2B E-invoicing **becomes mandatory** for companies with **annual revenues exceeding €800,000.**
- **Spain:** E-invoicing mandate proposed to start. TBC.
- **Estonia:** E-invoicing mandate starting in 2027 TBC.

2028

- **Germany**: E-invoicing mandatory for all taxpayers, irrespective of their annual turnover.
- **France:** The **PPF** (French government site) will no longer accept invoices in **PDF format.**
- **Belgium:** By Jan 2028 near real-time reporting to govt
- **Israel:** Mandatory e-invoicing for transactions above 5,000 NIS

3 Mandated e-Invoicing: A Global Trend

Variations in how countries choose to implement CTC models are by no means limited to the EU. Globally, the lack of standards for e-invoicing and CTCs means countries are free to develop their own rules and requirements. As a result, businesses are left facing a complex and often confusing matrix of requirements to which they must adhere.

Formats, content, transmission methods, and audit records are now being specified country by country. Some countries include the phasing in and, in some cases, exclusion of specific sectors, goods, and services, as well as differing tax requirements based on the company's size. The issuance of unique registration numbers that sometimes require a QR verification code varies by country. Countries require various firewalls and cybersecurity demands. There are also different non-compliance penalties for both the buyer and supplier.

Sending or receiving invoices within a given government jurisdiction forces organizations to comply with these requirements. For many, this necessitates fundamental changes to business systems and invoicing processes.

4

Impact of e-Invoicing Mandates on AP Processes

AP Departments are pressured to have the right systems in place to ensure global e-invoicing compliance

While the **supplier** is responsible for raising and registering e-invoices with tax authorities, **buyers** are accountable for maintaining a compliance chain across all relevant suppliers.

Under certain circumstances, the buyer could share equal responsibility for e-invoicing compliance and validation regardless of whether they are buying in the country or importing from a country with a CTC regime.

Outbound vs Inbound Clearance

Outbound (AR) clearance refers to the invoice issuer's responsibility to communicate the invoice to a tax administration service. Additionally, outbound clearance entails receiving a predefined approval or confirmation message from that service as a precondition for issuing, canceling, or correcting an invoice.

Inbound (AP) clearance - touches on the invoice receiver's responsibility to validate the e-invoice received concerning integrity, authenticity, certificate trust, and clearance. Suppliers will need a solution to support outbound in countries moving to clearance. Buyers will need a way to verify that the invoice has been cleared as part of their inbound processing.

AP departments must ensure they have the systems in place to verify the validity and compliance of all invoices received, including invoice registration and QR codes (as necessary) and all content requirements of the overseeing tax authority. That also requires tracking and updating systems to stay up to date on new and **changing tax compliance requirements from country to country**.

Failure is not an option.

Non-compliance with regulations comes with the potential of significant business and financial harm, including:

- Administrative fines
- Legal sanctions
- Protracted audits
- Loss of VAT rights
- Trading partner audits

The business risk of non-compliance goes beyond the threat of potential financial penalties. Businesses that fail to deploy compliant solutions proactively risk falling behind competitors whose ability to optimize workflows and avoid transaction delays will leave them in a prime position to win business. A lack of systems and expertise to streamline compliance requirements can also prove a significant drain on internal resources, pushing the focus away from core business activities and innovation.

Playing AP automation catch-up

Companies that have not previously prioritized **digitizing and automating AP systems** must play catch up to prevent and solve these compliance challenges. Many global organizations also find that ad hoc country-by-country AP digitization represents a costly quick fix that is a significant time-suck on overly stressed AP departments that don't have the flexibility to adapt to changing requirements.

The bottom line is that businesses can only manage e-invoicing/CTC compliance with the proper technology, such as Tradeshift's AI-enabled **AP automation and e-invoicing solution Pay**.

Turning Risk into Opportunity

How automated e-Invoicing compliance benefits your AP function

The business case for e-invoicing and fully automated and networked AP management goes far beyond compliance. The benefits and positive business impacts are well documented:

- Significant reduction in the cost of processing invoices.
- Reduced likelihood of invoice disputes and supplier inquiries.
- Elimination of manual entry errors to reduce invoice exceptions.
- Optimized cash management while increasing business agility.
- Carbon footprint reduction due to the elimination of paper-based processing

Viewed strategically and with the right technology partner, digitalizing invoicing can help businesses eliminate resource-intensive and error-prone paper-based processes once and for all.

Such a transition promises to help businesses by improving the speed and accuracy of payments, reducing invoicing costs, strengthening supplier relationships, and providing rich, real-time data for more effective decision-making.

All of this highlights the need for AP automation solutions that can centralize and streamline global e-invoicing compliance.

Preparing the ground for automated compliance

Multinational companies must not decide whether centralization of core finance and enterprise systems is the right path. It's about when to begin the process and how to prepare for it.

While the specifics of becoming compliant will vary from country, the fundamentals of preparing your business to accommodate change do not:

1 Gather stakeholders:

Complying with new regulations will require teams to think differently and act more collaboratively across departments. To manage that change effectively, businesses need to set up dedicated teams and bring cross-departmental stakeholders to the table. Typically, that group would include the CFO, the head of procurement, the head of AP, and relevant IT team members who would sponsor the project.

2 Audit processes:

Companies should have a clear idea of their primary objectives and priorities for enterprise finance IT transformation and consolidation when entering the audit process. The audit should include all existing enterprise finance, AP, and AR systems, software, and tools, as well as how those integrate with various ERP and other core enterprise systems across the organization. In some cases, compliance may require adjustments to ERP and workflows, which may necessitate some upfront IT infrastructure investment.

3 Clean your data:

Digital transformation is built on clean data, and e-invoicing compliance is no different. For clearance countries, the guidelines on what data businesses need to handle and store are generally made clear relatively early. For example, the **French e-invoicing mandate** must include 24 mandatory data items in the e-invoice and then be sent to the PPF platform. Businesses that don't already have their house in order from a data quality perspective will likely face problems and delays later. To avoid this, companies need to look broadly at the quality of their digital storage and the quality of the data they have in place today.

4 Identify potential gaps:

Clearance regimes typically mandate just enough information for tax determination. What's good enough for the government isn't always good enough for businesses that often need additional information on an invoice to process it through their internal systems. Left unaddressed, AP teams can be left facing the task of collecting and inputting that additional information after the fact, creating an administrative burden that wipes out many of the efficiency benefits the shift to e-invoicing should be creating. The best AP automation solutions (like **Tradeshift Pay** collecting and verifying data outside mandated fields.

6

Selecting the Right Compliance Partner

Seven critical questions for shortlisting your vendor selection.

For most mid-to-large organizations, partnering with a specialist AP automation technology provider is the only realistic way to stay ahead of a rapidly evolving compliance landscape.

There are plenty of solution providers who can help, but that doesn't necessarily mean they'll always suit your unique business needs.

Here are the seven key questions you should ask when shortlisting your vendor selection:

- To what extent can they demonstrate experience and capabilities in delivering compliance across multiple markets?

- Can they provide a clear roadmap to support you with clearance models as they're rolled out in other countries?

- Do they provide a solution to help you automate the collection and verification of any additional data you require for invoice processing not covered by local CTC mandates?

- Are they purely focused on helping you achieve e-invoicing compliance, or do they offer a range of fintech solutions that can help you streamline and automate the entire procure-to-pay process?

- Which partners do they actively work with, and how can you use these to your advantage in other areas?

- What kind of experience and benefits does the solution offer suppliers invited to use the system to send invoices?

- How often do they update their technology and utilize the latest innovations, such as **AI-driven AP automation**?

The Tradeshift Advantage

Global e-Invoicing compliance… and more.

“Having a partner like Tradeshift that has a consistent eye on compliance at a global level and is ready to develop solutions in partnership with you it’s a massive advantage for us. We know you guys are thinking about it, we know it’s on your roadmap, and we know we get what we need.”

Senior Finance Transformation Manager, Global Fashion Retailer

e-Invoicing Compliance is in our DNA

Helping our clients comply with ever-changing global e-invoicing regulations is ‘business as usual’ for Tradeshift and part of our commitment to enable buyers and sellers to transact compliantly.

Our founders played a central role in the **European Commission’s PEPPOL initiative**, building e-invoicing and e-business infrastructure and standards that make it seamless for a supplier in any country to do business with a government in another country.

This first project inspired them to create Tradeshift, a single digital network that reimagines the way businesses worldwide connect, transact, and trade.

We’ve got you covered.

Today, we support e-invoices in 70 countries and 12 clearance countries. (Check out our global **e-invoicing compliance map** to see the complete list of countries we support.)
Examples of countries with tax clearance or B2B e-Invoicing mandates that we support are **France**, **Romania**, **Malaysia**, and **Germany** with other European and APAC countries on our roadmap. To ensure compliance excellence, we continually evaluate emerging global regulations and prioritize the inclusion of additional countries in our roadmap.
Tradeshift acquired Babelway in 2018, a leading **EDI and B2B integration platform** that underpins its customers' integration and messaging needs. This acquisition provides the framework for Tradeshift to accelerate the rollout of new e-Invoicing compliance and clearance needs, including using the Peppol network, for which we are a **certified Access Point provider.**

7 Tradeshift PDP - your first choice for e-Invoicing in France

France has been one of our key markets for years.

Customers including Air France, Le Bon Marché, and Disneyland Paris have trusted us as their e-Invoicing platform, not just for compliance, but for our **robust technology, user-friendly interface, and AI-powered workflows** that transform complex, time-consuming processes into seamless, efficient operations.

Some of our strongest capabilities include **seamless integration** with your existing systems, **automation** to reduce manual work, and the peace of mind that comes with knowing your e-Invoices are handled **securely and in full compliance.**

We were among the first providers to receive PDP-registered status **(PDP immatriculée) on August 19th 2024 with the #0036 registration ID**, a testament to the **strength and reliability of our technology.**

Our collaboration with French authorities is ongoing, as we actively participate in all FNFE **and** DGFIP **regulatory meetings.**

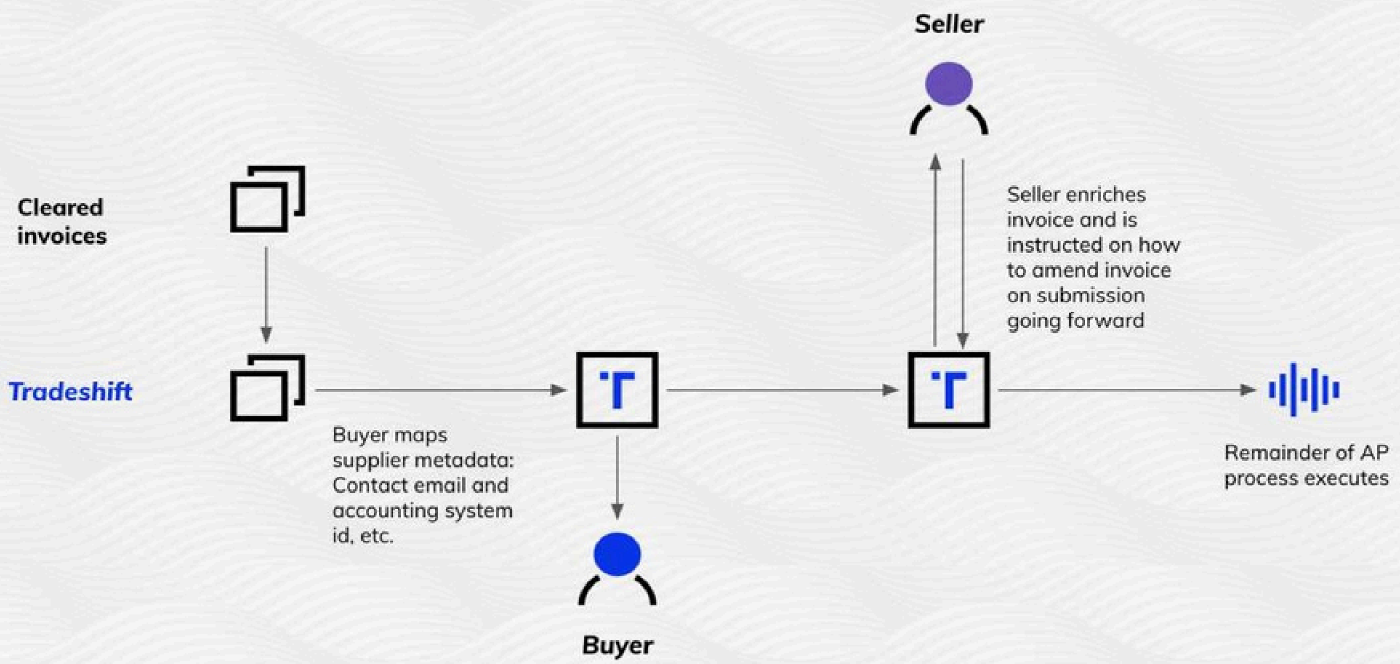
Why choose Tradeshift in France?

- **Trusted by industry leaders:** Air France, Le Bon Marché, and Disneyland Paris already rely on Tradeshift for e-Invoicing.
- **Proven PDP expertise:** We will **pilot the PDP compliance solution with Air France** when the official program launches.
- **Interoperability ready:** We've successfully completed **interoperability testing with other PDPs**, ensuring businesses can transact e-Invoices seamlessly across different platforms.
- **Certified Peppol access point:** A Peppol authority is being established in France, and while other PDPs still need certification, Tradeshift is already certified and ready.

Bridging the data gap

Tradeshift also helps businesses overcome the potential data gaps we alluded to in Chapter Five. We do this by asking suppliers to participate in the data enrichment process and by deploying AI-assisted AP automation to further streamline the collection and verification of information outside mandated fields.

New Clearance Flow and Seller Document Enrichment



World-first e-Invoicing compliance capabilities in China

Tradeshift is the first Western company to support Chinese Fapio invoices transmitted via the Golden Tax System.

We achieved a world-first by enabling companies doing business in China to send and receive compliant electronic purchase orders and e-invoices with cross-border trade partners, linking one of the world's largest economies to the rest of the world across the Tradeshift Network.

Today, Tradeshift remains the only platform on the market that allows Chinese buyers to handle global e-invoicing and transact with international sellers.

"We've been working with Tradeshift and its local partner Baiwang since August 2018 to support our domestic invoice verification in China. By automating the workflows associated with VAT input verifications, we have reduced the error rate from 7.4% to zero. Eliminating the need for manual correction has saved us significant time and resources on tax verification and reconciliation. We see similar potential for the cross-zone e-invoicing solution, and we expect to see growing efficiencies as more overseas suppliers are integrated onto the Tradeshift platform."

Jie Shen, Supervisor for Accounts Payable at Schaeffler Greater China

Click here to learn why the Schaeffler Group chose Tradeshift to address e-invoicing complexity in China.

The World's Largest Trade Network

Partnering with Tradeshift means becoming part of a community of over 1 million+ digitally connected buyers and sellers worldwide.

Tradeshift's scalable, open **AP automation platform** offers seamless integration with any application you need to manage your supplier relationships. Further, our innovations in **B2B marketplaces** and **embedded fintech** mean that connecting to the Tradeshift platform can catalyse a wider-reaching transformation that drives more value and growth.

Contact our experts to help you turn global compliance into a business advantage.