

26th November 2021

Norwegian Tax Administration
Norway

Dear Sir/Madam,

Public consultation on the duty of disclosure on sales and purchase transactions in Norway

1. Introduction

OpenPeppol welcomes the opportunity given by the Norwegian Tax Administration (Skatteetaten), further referred to as NTA, to provide input to the above consultation, published on 26th August 2021.

OpenPeppol recognises the drive by tax administrations to minimise indirect tax fraud and evasion, whilst at the same time reducing the administrative burden for business.

In this context, OpenPeppol has closely examined the approach taken by over 60 countries in response to this issue and we have distilled our understanding into a Reference Document, which is intended to promote a wide understanding of how the adoption of interoperable specifications can support the varied approaches being undertaken across many jurisdictions. This Reference Document can be downloaded from the Peppol website here: <https://peppol.eu/downloads/peppol-ctc/>

Perhaps uniquely, Peppol has conceived a model that can support all implementations that seek to address this issue and can provide either a single approach for governments or can complement existing and planned approaches. The Peppol concept builds on our existing four-corner model and international standards-based specifications to support and complement approaches based on:

- SAF-T reporting
- Real-time invoice reporting
- Centralised Invoice Exchange
- Centralised and Decentralised Invoice Clearance

Our understanding is that NTA wishes to build on its existing SAF-T reporting requirements to enable a more frequent and more granular level of reporting, utilising a subset of invoice data, to better control indirect tax assessment.



2. Summary response

OpenPeppol supports the goals identified by NTA to reduce the indirect tax gap. We believe that mechanism proposed by NTA can contribute to achieving the set goals.

As noted above, there are several avenues that NTA can take to achieve these goals and OpenPeppol has the capability to support and/or complement all approaches.

SAF-T reporting can be seen as a package of modules, some of which have already been implemented by NTA, although this does not yet include the module for reporting of transactional data.

We would suggest that NTA continues implementation of those modules that have already been rolled out and considers an expansion of electronic invoicing to build on the existing SAF-T modules to provide the required level of transactional reporting.

There is already a significant level of adoption of Peppol BIS/EHF in Norway and its expansion will provide business efficiency benefits, as well as provide the basis for reporting the required subset of invoice data to meet the needs of NTA. OpenPeppol has published an eInvoicing Benefits model that enables jurisdictions and individual organisations to assess potential benefits against their eInvoicing status. The model can be downloaded from the Peppol website here:

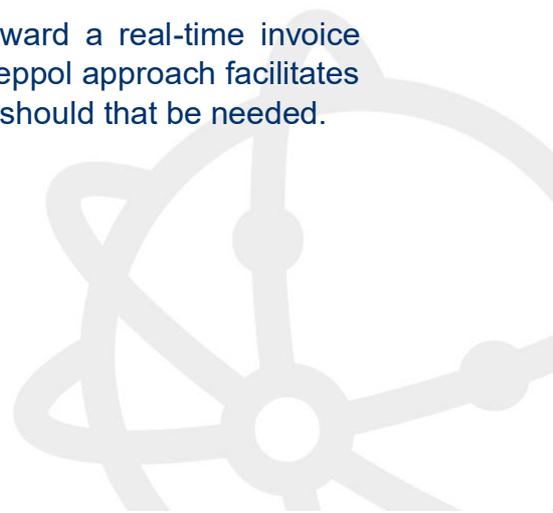
<https://peppol.eu/downloads/openpeppol-einvoicing-benefits-model/>

As well as meeting the needs of NTA, increased adoption of Peppol will support cross-border trade, which in itself can be a significant opportunity for indirect tax fraud.

In essence, a specification for a Tax Data Document can be created by OpenPeppol in conjunction with NTA to enable businesses to exchange invoices across the Peppol network and provide a subset of those invoices to NTA at any desired frequency.

Given the technological neutrality and business efficiencies of Peppol in combination with its already significant adoption in Norway, we recommend that NTA consider a Peppol-based solution as part of an obligation to periodically disclose sales and purchase data. This approach can sit alongside alternative solutions promoted by NTA so that businesses can utilise the channel that best meets their circumstances.

We envisage that, over time, NTA may wish to move toward a real-time invoice reporting model of Continuous Transaction Controls. The Peppol approach facilitates a fluid transition from a voluntary to a mandatory approach, should that be needed.



3. Background - EU developments

This section outlines the most recent trend in the EU and globally moving towards eInvoicing and CTC, instead of periodic reporting schemas.

Increasingly, EU Member States have or favour national eInvoicing and CTC schemas instead of post-audit reporting schemas. It will be logical for NTA to ensure its chosen approach can be aligned over time with the wider European direction of travel.

3.1 VAT in the Digital Age

The EU Commission launched the study VAT in the Digital Age¹. The purpose of this study is to revision EU regulations in respect of invoicing and e-invoicing in the light of a growing trend both within the EU and globally of implementation of continuous transaction controls (CTC)². The EU Commission is considering several options:

- allow Member States to freely adopt CTC models
- create a single CTC model for all Member States
- create joint minimum criteria or standards to be followed by all Member States

It is still to be seen what the outcome will be, but early indication signals can be found at the Fiscalis seminars organised by the Commission.

3.2 Fiscalis seminars

At the latest Fiscalis session in October 2021 participants recognised that the EU will be left behind if they go for anything other than an eInvoicing system. Although nothing is yet agreed, there remains a question whether to harmonise eInvoicing across the whole EU, partially harmonise it, or simply remove barriers to eInvoicing in the EU, such as the need for a derogation required by the VAT directive.

3.3 Hungary

Real-time invoice reporting (RTIR) has been operational in Hungary since 2018 and receipt of invoice in real time has enabled the Tax Administration to identify fraudulent activities and decrease the tax gap. Since April 2021, the RTIR schema has been extended to allow businesses to exchange full eInvoices, thus combining eInvoicing and RTIR obligations into a single process, which will bring economic benefits to the companies operating in the country.

¹ https://ec.europa.eu/taxation_customs/vat-digital-age_en

² <https://iccwbo.org/publication/icc-continuous-transaction-control-ctcs-practice-principles/>

3.4 Italy

Italy introduced a country-wide B2B e-invoicing mandate in 2019, after mandating B2G eInvoicing in 2014. As a result of mandatory eInvoicing, tax revenue increased by €3.5 billion in 2019. Of this, €2 billion came from additional VAT revenue, €945 million from the detection of fraudulent input tax credit, and €580 million from direct taxation.

From January 2022, Italy will replace the Esterometro obligation with near-real-time reporting of individual invoices to the SDI central platform. Esterometro is an obligation to submit periodic reports on cross-border sales and purchase transactions.

3.5 Poland

Poland implemented a far-reaching SAF-T reporting obligation (JPK) in 2018. At present, they plan to mandate eInvoicing³ for all businesses starting from January 2023 (approved by the Parliament in October 2021). The new eInvoicing schema will release the taxpayers from some of the current reporting obligations, including relief from creation and submission of JPK_FA (electronic report on sales invoices).

3.6 France

France is launching an eInvoicing mandate⁴ in a gradual manner, starting with large businesses in July 2024 and concluding with micro businesses by January 2026. Although though more details are still to come, France is determined to implement a significant transformation of their economy. Their framework captures service provider interoperability requirements, like that in place in Norway with Peppol. Peppol is being discussed as one option for such interoperability (system-to-system roaming).

France introduced the Standard Audit File for Tax (SAF-T) on 1st January 2014 [Fichier des écritures comptables (FEC)]. Currently, it is required on-demand by the tax authorities, but they since decided to pursue the eInvoicing route.

3.7 Belgium

November 2021, the Minister of Economy of Belgium announced⁵ that Belgium will introduce a country-wide B2B eInvoicing mandate. No further details have been published, but it is expected that the new requirement will be based on the Peppol standards, which were earlier endorsed by the Prime Minister of Belgium.

³ <https://www.podatki.gov.pl/ksef/>

⁴ [Spécifications externes B2B | impots.gouv.fr](https://www.impots.gouv.fr/Spécifications-externes-B2B)

⁵ <https://news.pwc.be/belgian-minister-of-finance-confirms-intention-to-mandate-b2b-e-invoicing/>



In January 2022, Wallonia will be the last federal unit of Belgium to adopt Peppol as their eInvoicing standard. Earlier in 2021, all Belgian businesses were registered in the governmental Hermes⁶ platform, which is a Peppol access point. These developments can be leveraged to enable the country-wide e-invoicing mandate.

3.8 Spain

The “preliminary draft bill for the creation and growth of companies”⁷ does not provide technical details or dates, but states that eInvoicing will become mandatory in Spain.

Besides combating tax fraud, the objectives of the Spanish government include increased efficiency and effectiveness, timely payments, greater traceability and control, digitalisation, and automation.

3.9 Germany

Although at an early stage, an eInvoicing obligation is expected to be introduced. Proponents include the Free Democratic Party (FDP), the German Association for Electronic Invoicing (VeR), and the German Bundesrechnungshof (Federal Audit Office). Most recently, this topic has been included in tax policy negotiations of the coalition members (SPD, FDP and the Green Party) during the recent German government elections.

3.10 Other countries

Other EU Member states that are working on eInvoicing and CTC initiatives include Bulgaria, Romania, Slovakia and Slovenia.

EU Member States discussing an introduction or expansion of eInvoicing or CTC regulations, specifically, based on the Peppol framework, include Denmark, Sweden and the Netherlands.

Outside the EU, eInvoicing and CTC are growing trends. Having started in Latin America, this is now expanding to include India and Saudi Arabia. Adoption of the Peppol framework has extended to Australia, New Zealand, Singapore and Japan (the latter established Peppol Authority in September 2021).

⁶ <https://einvoice.belgium.be/en/article/send-structured-invoices-all-your-customers-hermes>

⁷ https://portal.mineco.gob.es/RecursosArticulo/mineco/ministerio/participacion_publica/audiencia/ficheros/ECO_Pol_AP_20210727_APL_Crea_y_Crece.pdf

4. Benefits of e-invoicing

The NTA proposal states that eInvoicing provides a worse alternative to the proposed disclosure obligation. Whilst we see that eInvoicing could be complementary to a disclosure obligation, we would like to address some of the concerns raised by NTA and include some additional some aspects for consideration.

4.1 Invoice standards

In section 5.1, NTA mentions that only 28% businesses utilise the EHF standard for their e-invoicing. However, we believe that the number of Norwegian businesses that fully or partially issue and receive eInvoices in Norway is greater than this number.

The NTA is concerned that eInvoicing could be a new burden for businesses. However, publicly available studies of the benefits of eInvoicing⁸ conclude that it's cheaper for businesses compared to paper or PDF based invoicing, as it decreases both the administrative processing costs and the costs of error management.

Introduction of a single or limited set of eInvoicing standard(s) will lower the cost of eInvoicing for businesses, as in the current state the businesses must handle a variety of formats, standards, and protocols. We expect that there is a clear benefit from introduction of a unified country-wide eInvoicing standard.

4.2 Invoice response

In section 5.1, NTA outlines a risk that with eInvoicing, the NTA will not know whether the buyer has approved and booked an invoice. This risk can be effectively mitigated by introduction of the Invoice Response, which is a message issued by the buyer when they accept or reject (with specified reasons) a received invoice.

The Invoice Response can be transmitted to the NTA system to ensure the authenticity of the transaction. Businesses already today frequently exchange notifications (albeit, without a common standard) to each other whether they accept or reject invoices, as this has impact on their working capital. Introduction of a unified standard can be beneficial from macro-economic perspective.

Several countries have either introduced this feature, including Chile, Colombia and Turkey, while among those planning to introduce it include France and Belgium.

⁸ [What are the benefits of eInvoicing \(europa.eu\)](#)
[OpenPeppol eInvoicing Benefits Model](#)



4.3 Payment status

In section 5.2, NTA refers to collection of payment data as a potential measure to achieve the goals. Exchange and collection of payment data can be implemented as part of an eInvoicing/CTC model. This obligation does not have to be implemented immediately but can be implemented at a later point after the introduction of eInvoicing. Some of the tax administrations that participated in Peppol CTC project confirmed this as a requirement, and it has been confirmed as a viable component in Peppol.

Under the planned French CTC schema, trading parties will exchange *'invoice lifecycle'* status with each other and the tax administration. The buyer will be able to issue *'payment sent'* status, whereas the seller will be able to issue *'payment received'* status. In the latter case, sellers of services will be required to issue such status.

4.4 Gradual introduction

In section 7, NTA notes that they would like to see a gradual introduction of the disclosure obligation. In principle, we welcome an idea of gradual introduction of any digital obligations, by organisational size or industry sector. The ground for this has been prepared in Norway by Peppol, given that a large number of businesses use Peppol for B2G and B2B invoicing. Instead of starting with introduction of a brand-new obligation, NTA could consider introducing a real-time component for those businesses already sending and receiving invoices electronically.

Notably, Peppol allows to capture transactions issued or received by entities excluded (or not yet included) from the obligation to handle eInvoices electronically. This can be beneficial for Norway, compared to the current proposal where the NTA will not be able to access transactional data of businesses of a certain size.

4.5 Overall efficiency gains

Paper invoices are inefficient and expensive for the buyer and supplier. An eInvoice reduces manual effort for buyers and suppliers and supports multinational compliance.

Additionally, eInvoicing is the first step to achieving straight-through processing for B2B payment transactions by reducing payment costs and improving payment discipline, having a positive impact on businesses working capital.

Efficiency gain (lowered cost of invoice processing and improved payments) is one of drivers behind the agenda set by DGFIP in France and the BPC⁹ in the US. DGFIP

⁹ [Business Payments Coalition](#)



has assessed the effect of reduction of invoice processing costs and payment delays for businesses to €4,5bn/year, which can be set in context with their goal of closing of the VAT gap of around €16bn in 2018.

4.6 Existing business reporting

Businesses already have to meet a variety of compliance obligations. Introduction of any new requirement can be considered from a perspective of whether any existing technology can be leveraged. An advantage of CTC against an additional reporting obligation is that provision of transactional data to the tax administration can be orchestrated in such a way that does not create any additional work for businesses.

With Peppol CTC, no additional reporting obligation or effort is imposed on businesses as real-time reporting requirements will be executed by the certified service providers.

This approach is also taken by DGFIP in France, where taxable persons will be able to use accredited service providers, who will support businesses with both issuance, exchange and reception of invoices, and at the same time will report extract of the invoice data to the central platform of the tax administration.

4.7 Get data right from the beginning

A challenge for businesses is to get invoicing data right from the beginning (both from a regulatory and operational perspective). An obligation placed on service providers under the Peppol CTC schema (similarly in France, Mexico, and Peru) is to support businesses with this task. Service providers validate the data, so that it's correct from the beginning, reducing error management, both towards the tax administration and towards their trading partners.

4.8 Minimising fraud

In section 9.1.1, NTA proposes that the sales and purchase invoice data should be disclosed on periodic basis, either bi-monthly or annually. Retroactive post-audit reporting at these intervals is unlikely to significantly improve the ability of NTA to proactively react to alarms. Conversely real-time reporting will allow a rapid response.

4.9 Increased precision

Introduction of real-time controls as opposed to retroactive controls, provides further benefit for the government of Norway to be able to more precisely predict and act upon potential adverse events in the economy of the country.



As example, Colombia, considering Covid-19 pandemic, to increase the spend in the economy, allowed businesses to issue invoices without VAT on October 28, November 19 and December 3, 2021. On these days, businesses are allowed to issue invoices with a special marking/code, notifying the DIAN that such invoices have been issued without VAT. (DIAN Resolution no. 00117). While this primarily relates to B2C transaction, similar logic be applied in other sectors. Without real-time based CTC, this measure would not have been possible.

5. *Peppol adoption in Norway*

In May 202, Oslo Economics prepared a report '*Kartlegging av bruk av elektronisk faktura*'. The report estimates the volume of B2B and B2G invoices to be 136,2 million invoices in 2019. Of these, B2G are estimated to amount to 20 million. The share of e-invoices (EHF/Peppol BIS) has been steadily increasing from 10% in 2015 to 42% in 2019, corresponding to an annual growth of 53% during 2015-2019.

The number of businesses registered in the Norwegian Peppol SMP (ELMA) has been growing with 38% each year, while the increase of new businesses in Norway amounts to 2%. The report also estimates that although only a quarter of the enterprises in Norway are registered in ELMA, they represent the largest invoice volumes per year.

6. *Peppol CTC*

During 2020-2021, OpenPeppol completed its Peppol CTC project. Several tax administrations participated in the project by providing business requirements and insights, which were considered when creating the Peppol CTC model, as outlined in the Peppol CTC Reference Document.

Given the technological neutrality and business efficiencies of Peppol in combination with its already significant adoption in Norway, we recommend that NTA consider a Peppol-based solution as part of an obligation to periodically disclose sales and purchase data. This approach can sit alongside alternative solutions promoted by NTA so that businesses can utilise the channel that best meets their circumstances.

Yours sincerely,



Steve Graham
Market Development Lead
OpenPeppol Operating Office

