



FOUNDATIONS · ELECTRONIC INVOICING

E-invoicing, explained from the ground up

What makes an invoice "electronic", why governments are making it compulsory, the four models countries use, what is inside the file — and one invoice followed through four different countries, to show what actually changes.

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For

Anyone new to e-invoicing

Level

Foundations, no prior knowledge

Status at

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Prepared by

30 Advisory

01 What an e-invoice is — and is not

Data, not a document

An electronic invoice is an invoice issued, sent and received in a **structured data format** that a computer can read without human help. The test is not whether it travelled by email — it is whether the receiving system can understand every field automatically, from the tax number to the last line item.

XML

The usual carrier: a structured file with a defined place for every piece of data

EN 16931

The European standard defining what an e-invoice must contain, revised in 2026

2030

Structured e-invoices for cross-border B2B trade inside the EU

PDF

Is not an e-invoice under the new rules — it is a picture of one

Three kinds of invoice

KIND	WHAT IT IS	CAN A SYSTEM READ IT ALONE?
Paper	Printed and posted, then keyed in by the customer	No
PDF or scanned	A digital picture of a paper invoice, usually emailed	Only with OCR, and errors
Structured e-invoice	Data in an agreed format, exchanged system to system	Yes, completely
Hybrid	A PDF with the structured file embedded inside it	Yes — the embedded data counts

An analogy

A PDF invoice is like a photograph of a spreadsheet: a person can read it, but to use the numbers someone has to type them in again. A structured e-invoice is the spreadsheet itself — the numbers arrive ready to be matched, posted and paid.

Three common misconceptions

WHAT PEOPLE THINK	WHAT IS ACTUALLY TRUE
"We already email PDFs, so we do e-invoicing"	Under the new mandates a PDF alone is not an e-invoice
"It only affects the invoices we send"	Most mandates also change how supplier invoices arrive
"Once it is live, it is done"	Formats and rules are updated every year, in every country

What changes when invoices become data

- ◀ **No re-keying.** The buyer's system reads the invoice directly — faster processing, fewer errors.
- ◀ **Automatic checks.** Missing tax numbers or wrong totals can be rejected before anyone looks at them.
- ◀ **A copy for the state.** Once invoices are data, a tax authority can receive them — in real time, if it wants.

E-INVOICING IS A VAT TOPIC

The invoice is the document that gives a buyer the right to deduct VAT. That is why governments care about its format, and why every e-invoicing mandate is, underneath, a VAT control measure. Our companion document, "VAT, explained from the ground up", covers the tax itself.

02 Why it is spreading

Tax authorities want to see transactions, not summaries

For decades, tax authorities saw a company's VAT only as a total on a periodic return, months after the fact. Fraud and error hid inside those totals. E-invoicing lets the authority see each transaction as it happens — which is why it has spread from Latin America to Europe, the Middle East and Asia in twenty years.

2000s

Chile, Mexico and Brazil pioneer mandatory electronic invoices

2014

EU requires public bodies to accept e-invoices

2019

Italy clears every B2B invoice centrally

2024–27

Mandates across Europe, the Gulf and beyond

2030

EU cross-border digital reporting under ViDA

The problem it targets

FRAUD PATTERNS

- **Missing trader** — VAT charged, collected and never paid over
- **Fake invoices** — deductions claimed on sales that never happened
- **Under-reporting** — sales left out of the return

WHAT REAL-TIME DATA ALLOWS

- Matching the seller's output VAT to the buyer's deduction
- Refusing invoices from unregistered or suspended sellers
- Spotting anomalies within days instead of years

Who gains, and how

PARTY	WHAT IT GAINS
Tax authorities	Visibility of each transaction, faster fraud detection, a smaller VAT gap — and, increasingly, pre-filled VAT returns
Buyers	No manual keying, faster approval, automatic matching to orders and receipts, earlier payment discounts
Sellers	Invoices delivered and confirmed instantly, fewer disputes, faster payment
Everyone	Less paper, fewer errors, and a single format instead of hundreds of layouts

The European turning point

Until 2025, EU countries needed special permission from Brussels to make B2B e-invoicing compulsory — which is why only Italy had done it. The **VAT in the Digital Age** package, adopted in 2025, removed that need. Since April 2025 any member state can mandate domestic e-invoicing, and from 1 July 2030 structured e-invoices and digital reporting become the rule for cross-border B2B trade inside the EU. Countries whose systems predate 2024 must converge with the EU model by 2035.

Four questions to ask of any new mandate

- ◀ **Who is in scope** — which taxpayers, transactions and thresholds, and from what date?
- ◀ **Which model and format** — clearance, network or reporting, and which specification?
- ◀ **How do we connect** — directly, through a certified provider, or both?
- ◀ **What must the buyer do** — receive, accept, report or reject within a deadline?

THE COST OF DOING NOTHING IS CHANGING

Voluntary e-invoicing was a business case about efficiency. Mandatory e-invoicing is different: **an invoice in the wrong format is, legally, not an invoice** — so the customer cannot deduct the VAT, and may not pay until it is reissued.

03 The four models

Who sees the invoice, and when

Every country's e-invoicing regime is a variation on four models. They differ on one question: **where does the tax authority sit** — outside the exchange, in the middle of it, or beside it?

MODEL	HOW IT WORKS	EXAMPLES
Post-audit	Invoices go directly from seller to buyer in a structured format. The authority sees them only in an audit or through periodic files	Germany; the EU before mandates
Clearance	The invoice goes to a government platform first, which validates it. Only then is it a valid invoice, delivered to the buyer	Italy, Poland, Romania, Türkiye, Saudi Arabia, Latin America
Network (four-corner)	Seller and buyer each use an access-point provider; invoices travel over a shared network such as Peppol	Belgium, Singapore, Australia
Decentralised with reporting (five-corner)	A network exchange, with invoice data also sent to the authority — the fifth corner	UAE, France, Belgium from 2028

Four-corner versus five-corner

FOUR-CORNER

- Corner 1: the seller
- Corner 2: the seller's access point
- Corner 3: the buyer's access point
- Corner 4: the buyer

FIVE-CORNER

- The same four corners...
- ...plus corner 5: the tax authority
- receiving the tax data of each exchange,
- usually from the access points

What each model means for a business

MODEL	MAIN OPERATIONAL CONCERN
Post-audit	Getting the format right; archiving
Clearance	The platform's availability becomes your billing availability; rejected invoices do not exist
Network	Choosing a provider; finding each customer on the network
Five-corner	Both of the above, plus consistency between what you and your customer report

How to tell which model a country uses

- ◀ **Must the invoice get a number or approval from the state before the buyer sees it?** Clearance.
- ◀ **Must you use a certified provider on a shared network?** Network — five-corner if data also goes to the state.
- ◀ **Does the invoice go straight to the buyer, with nothing sent to the state?** Post-audit.

THE TREND IS TOWARDS CONVERGENCE

Clearance countries are adding networks, network countries are adding reporting, and the EU is standardising the content. **The models are converging on "structured invoice, plus data to the state"** — which is why a design built for one country increasingly transfers to the next.

04 Inside the file

Syntax, semantics and the national twist

An e-invoice has two layers: the **semantic model** (what information it contains) and the **syntax** (how it is written in a file). Europe standardised the first with EN 16931 and allows a few syntaxes for the second.

TERM	WHAT IT MEANS
EN 16931	The European semantic standard: the core data every e-invoice must be able to carry
UBL	The most widely used XML syntax — used by Peppol and many national systems
CII	The UN/CEFACT syntax, used notably in Germany and France
CIUS	A national specialisation of the standard — extra rules or fields a country requires
Hybrid formats	A PDF with the XML embedded, such as ZUGFeRD or Factur-X
National formats	Country-specific XML, such as Italy's FatturaPA or Poland's FA(3)

What the file carries

- **Header** — number, date, type, currency, references to order or contract
- **Parties** — names, addresses, tax numbers, network identifiers
- **Lines** — description, quantity, unit, price, discounts, classification codes
- **Tax** — category, rate and amount per line and in total, exemption reasons
- **Totals and payment** — amounts due, terms, bank details
- **Security** — signatures, hashes, QR codes or authority identifiers, depending on the country

What it looks like — a heavily simplified extract

```
<Invoice>
  <ID>INV-2026-0142</ID>   <IssueDate>2026-09-28</IssueDate>   <DocumentCurrencyCode>EUR</DocumentCurrencyCode>
  <AccountingSupplierParty> ... tax number, name, address ... </AccountingSupplierParty>
  <InvoiceLine> <InvoicedQuantity unitCode="C62">1</InvoicedQuantity>
    <LineExtensionAmount currencyID="EUR">1000.00</LineExtensionAmount>
  </InvoiceLine>
  <TaxTotal> <TaxAmount currencyID="EUR">210.00</TaxAmount> </TaxTotal>
</Invoice>
```

Illustrative UBL-style fragment; a real invoice carries many more elements and namespaces.

The security layer varies by country

MECHANISM	USED, FOR EXAMPLE, IN
Authority identifier after clearance	Poland (KSeF number), India (IRN), Mexico, Brazil
Digital signature by the seller	Chile, Türkiye, Saudi Arabia
Hash chain and counter	Saudi Arabia, Spain's VeriFactu
QR code on the visual copy	Portugal, India, Poland (offline), Saudi Arabia

FORMAT IS THE EASY PART

Producing valid XML is a solved problem. **Filling every mandatory field from real data** — tax numbers, classification codes, units of measure, exemption reasons — is where projects spend their time, because that data lives in master records nobody has checked in years.

05 One invoice, four countries

The same sale, four different journeys

Take the dining table from our VAT document: sold to a business customer for €1,000 plus VAT. The content is identical everywhere; what changes is the route, and the moment the invoice becomes legally valid.

	GERMANY	BELGIUM	ITALY	UAE (FROM 2027)
Model	Post-audit	Network	Clearance	Five-corner
Format	XRechnung or ZUGFeRD	Peppol BIS (UBL)	FatturaPA	PINT AE (UBL)
Route	Seller to buyer directly	Via two access points	Via the state platform	Via two providers, data to the authority
Valid when	Issued in the right format	Issued and delivered over the network	Accepted by the platform	Exchanged through accredited providers
Authority sees it	Only in an audit	From 2028, via reporting	Immediately	Immediately, as tax data
If it fails	Buyer may reject	Undeliverable; not an invoice	Rejected; resend in five days	Rejected by the provider

The same invoice, step by step, in a clearance country

1 Billing

The seller's system creates the invoice and converts it to the national format.

2 Submission

It is sent to the government platform, which checks the format and the content.

3 Validation

If accepted, the platform records it and returns an identifier or receipt; if not, it is rejected.

4 Delivery

The platform makes the invoice available to the buyer, whose system imports it.

5 Status

The buyer's acceptance, rejection and sometimes payment are recorded and returned.

The exceptions that take the time

SITUATION	WHAT USUALLY HAS TO HAPPEN
Invoice rejected	Correct the data at source and resend — often within a legal deadline
Price or quantity wrong	A credit note, itself an e-invoice, referencing the original
Platform unavailable	An offline or contingency procedure, then submission when it returns
Buyer not found	Check the identifier on the network; agree a fallback route

WHAT STAYS THE SAME EVERYWHERE

The tax — €210 of VAT on a €1,000 table — does not change with the model. **E-invoicing changes how the invoice travels and who sees it, not how much tax is due.** The effort lies in the data, the connection and the handling of exceptions.

06 The receiving side, and e-reporting

Half of every mandate, and its close relative

Most projects start with sending. But every mandate also changes how invoices **arrive** — and in several countries the buyer has its own obligations and deadlines. The receiving side is where most unplanned work, and most second projects, come from.

RECEIVING OBLIGATION EXAMPLE

Be able to receive at all	Belgium penalises the lack of means to receive; Germany requires all businesses to accept e-invoices
Accept or reject within a deadline	Chile's eight days; Serbia's platform window; Argentina's SME credit invoices
Report what you received	Croatia's recipient fiscalisation; Belgium's dual reporting from 2028
Only deduct what was cleared	Romania's 15% penalty on invoices outside the system — for the buyer too
Report payment	Croatia monthly; Spain's B2B mandate when in force

E-invoicing, e-reporting and SAF-T are different things

	E-INVOICING	E-REPORTING	SAF-T
What moves	The invoice itself	Data about transactions	An extract of the books
To whom	The customer (and maybe the state)	The state only	The state only
When	At issue	Near real time or periodic	Periodic or on request
Typical use	B2B and B2G sales	B2C, cross-border, payments	Audit and reconciliation
Example	Poland's KSeF	France's e-reporting	Romania's D406

A buyer's checklist

- ◀ Are we registered and findable on every platform or network our suppliers must use?
- ◀ Do received e-invoices land in AP as data, matched to orders and receipts, without re-keying?
- ◀ Who accepts or rejects, and does it happen inside the legal window?
- ◀ Do we deduct VAT only on valid e-invoices, and do we chase suppliers still sending PDFs?

Archiving: the part everyone forgets

- The **structured file is the original** — a printout or PDF is only a copy
- Retention periods differ by country, commonly between five and ten years
- Keep it unchanged, readable and retrievable for the legal period
- Some platforms keep a copy, but rarely remove the obligation to keep your own

WHERE IT ALL LEADS: THE PRE-FILLED RETURN

Once an authority holds every invoice, it can draft the VAT return itself — as Serbia, Romania, Italy, Portugal and Argentina are doing in different ways. **The company's role shifts from preparing the return to reconciling with the authority's version of it**, and every gap in the invoice data becomes a difference to explain.

07 The world, country by country

A snapshot from our country briefings

COUNTRY	MODEL	STATUS, SEPTEMBER 2026
Italy	Clearance	All B2B invoices through the SdI since 2019
Poland	Clearance	KSeF mandatory since 2026; penalties from 2027
Romania	Clearance	RO e-Factura for B2B since 2024
Croatia	Exchange + fiscalisation	Mandatory since January 2026; payments reported
Serbia	State platform	SEF for B2B since 2023; pre-filled VAT from 2027
Belgium	Network	Peppol mandatory since 2026; e-reporting from 2028
France	Five-corner	Live from September 2026 through approved platforms
Germany	Post-audit	Receiving since 2025; issuing phased in 2027–28
Spain	Platforms + public copy	B2B law in force, dates awaiting a ministerial order
Portugal	Reporting	Certified software and monthly reporting; PDF signature from 2027
Türkiye	Clearance	Long-established, through the revenue administration or integrators
Saudi Arabia	Clearance	Wave 25 completes the rollout by February 2027
UAE	Five-corner	Largest taxpayers from January 2027
India	Registration	IRN required above a turnover threshold; 30-day limit
Brazil	Clearance	Documents reshaped by the 2026–2033 tax reform
Chile, Argentina, Mexico	Clearance	Pioneers; mature, still evolving
United States	—	No mandate; voluntary network only

Simplified; see the individual country briefings for detail and sources. Positions change frequently.

Dates to watch

Sep 2026

France: large and mid-size companies issue

Jan 2027

Germany: issuing for larger firms; UAE go-live

Sep 2027

France: all companies issue

2028

Germany: all companies; Belgium e-reporting

Jul 2030

EU cross-border reporting under ViDA

Three patterns in the map

- ◀ **Europe has flipped.** From one mandate in 2019 to most large economies committed by the end of the decade.
- ◀ **The receiving side comes first.** Germany and France both required businesses to receive before they required them to send.
- ◀ **Mature regimes keep changing.** Italy, Chile and Argentina rewrote parts of their rules in 2025–26.

FOR A MULTINATIONAL, THE QUESTION IS SEQUENCING

A group active in ten countries faces ten timelines, formats and providers. **The winning approach is one design — a single framework, one cockpit, one data standard — rolled out country by country** in the order the deadlines dictate, rather than ten separate projects.

08 E-invoicing inside an SAP system

Where each concept lives

In SAP, e-invoicing is handled by **SAP Document and Reporting Compliance**. Its electronic-document framework sits between the billing or purchasing document and the outside world: it decides which documents become e-invoices, builds the file, sends it, and brings the answer back to the document where people work.

CONCEPT	WHERE IT LIVES IN SAP
Which invoices are in scope	Determination rules by country, company code, customer and document type
The file	Mappings that fill the country format from billing and master data
The connection	An integration layer — often SAP's cloud integration — to the platform, network or provider
Statuses	Returned to the electronic document and visible in a single cockpit
Exceptions	Rejections and errors handled in the same cockpit, with defined actions
Inbound	Received e-invoices imported, matched and posted on the purchasing side
Periodic files	The statutory reporting side of the same framework, for returns and SAF-T

Platform notes

- The electronic-document framework exists on **SAP S/4HANA and classic SAP ERP**
- Country content arrives through SAP notes and support packages
- Periodic statutory reporting requires S/4HANA or the cloud edition
- Always confirm availability for your exact release

Four questions that reveal a set-up's health

- ◀ How many invoices did we issue last month, and how many reached a final status?
- ◀ Who looks at rejections, and how quickly?
- ◀ How do supplier e-invoices reach AP — as data, or re-keyed?
- ◀ Which systems besides SAP issue invoices, and are they covered?

A typical project, in five steps

- 1 Scope**
Countries, entities, document types, volumes and every system that bills.
- 2 Data**
Tax numbers, units, codes and exemption reasons checked in master data.
- 3 Build**
SAP notes, DRC configuration, mappings and the connection to the platform or provider.
- 4 Test**
With the authority's test environment and real customers, including rejections.
- 5 Run**
A named owner for the cockpit, a daily routine and a watch on legal change.

THE MOST COMMON PITFALL

Treating go-live as the finish line. **Most problems appear in the first month** — invoices stuck in an intermediate status, rejections nobody sees, and suppliers still sending PDFs. Plan the run model before the build.

09 Glossary, and how we help

The words you will hear most

TERM	MEANING
Access point	A certified provider that connects a business to a network such as Peppol
Clearance	Validation by the tax authority before an invoice is valid
CIUS	A country's specialisation of the European standard
CTC	Continuous transaction controls — the family of real-time models
E-reporting	Sending transaction data to the state, without exchanging the invoice
EN 16931	The European standard for e-invoice content
Peppol	An international network and set of specifications for e-document exchange
Rejection	An invoice refused by a platform or a buyer — often, legally, not issued
Status	The lifecycle stage of an e-invoice: sent, delivered, accepted, rejected, paid
UBL / CII	The two main XML syntaxes for e-invoices
ViDA	"VAT in the Digital Age" — the EU reform bringing digital reporting from 2030

Five things to remember

- ◀ An e-invoice is data, not a PDF.
- ◀ The model decides where the authority sits — outside, in the middle, or beside the exchange.
- ◀ The format is easy; the data is hard.
- ◀ Receiving is half of every mandate.
- ◀ The destination is the same everywhere: every invoice visible to the state, and returns built from that data.

WHERE TO GO NEXT

This document is part of a series. **"VAT, explained from the ground up"** covers the tax behind the invoice; our **country briefings** — nineteen so far, from Chile to the UAE — give dates, formats, penalties and SAP notes country by country; and our SAF-T guide covers the periodic files that sit alongside e-invoicing.

Readiness

Scope, data and connection
assessed country by country.

Implementation

SAP DRC configured for sending,
receiving and exceptions.

Run

Statuses monitored and legal
change applied as it arrives.

Sources consulted 28 September 2026 — vatcalc and the European Commission on ViDA and the revised EN 16931; 30 Advisory country briefings (September 2026) and the sources cited in them. All examples are illustrative.

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