

## Submission template

### Information for submitters

We welcome your written feedback. The deadline for submissions is **5:00pm on Friday 16 November 2018**.

Your submission may become publicly available information. For this reason, you should indicate clearly in your covering email if your comments are commercially sensitive or if, for some other reason, you do not consider that they should be disclosed. Any request for non-disclosure will be considered under relevant Official Information and/or Privacy legislation in the receiving jurisdiction.

We strongly prefer submissions using this template. Please open and save your own copy, make submissions on any of the proposals and email it to us at:

**Australia:** [BRRSecretariat@ato.gov.au](mailto:BRRSecretariat@ato.gov.au)

**New Zealand:** [e-Invoicing@nzbn.govt.nz](mailto:e-Invoicing@nzbn.govt.nz)

If you cannot use the template for any reason, you can email your responses to us. To help with our analysis, please clearly indicate which of the consultation questions your submission is responding to.

After the deadline has passed, we will analyse all submissions. The views expressed in the submissions will be considered when the final proposals are developed for and reviewed by the responsible Ministers.

### Your name and details

Please type in your details in the table below. We suggest that you save a copy before emailing it to us.

<b>Name of the person completing this submission</b>	Matthew Pritchard, Global Operations Manager
<b>Name of the organisation you represent</b>	Agilyx NZ Limited
<b>If your organisation has an ABN or an NZBN, please enter your ABN or NZBN here</b>	NZBN 9429030652194
<b>Daytime phone number</b>	██████████
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### Consultation questions

This submission template enables you to provide general feedback on the information in the October 2018 discussion paper *'Early thinking: Operational governance for trans-Tasman e-Invoicing'* and to answer specific consultation questions. Please type in your responses below each question.

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## QUESTION 1: Legal Considerations

**What do you consider to be significant policy or legal barriers to the implementation of e-Invoicing in Australia and/or New Zealand (including nil confirmation)?**

The New Zealand Goods and Services Tax Act 1985 requires that GST numbers are displayed on tax invoices. Given the move to NZBNs, this requirement should be amended to allow for NZBNs to be included in substitution for a GST number. This will prevent the e-invoicing standard from having to be amended (and avoid the costs in doing so) in the future when NZBNs are used more widely. By being able to use a NZBN to identify an entity and also using this as the GST registration number, this removes another field of data that will need to be included in the final e-invoicing standard.

The New Zealand Tax Administration Act 1994, and related legislation, requires that business records are to be stored in New Zealand. A number of organisations have been granted approval by the Commissioner of Inland Revenue to hold clients' documents offshore. Consideration should be given to including Australia as an approved location to store business records as well. This will assist in fostering a single economic market, and remove a barrier to entry for e-invoicing system providers who have their data centre in Australia.

Inland Revenue's Standard Practice Statement (SPS) 13/01 discusses Inland Revenue's position on approving organisations to retain their business records in Māori. While the SPS still mandates that certain legislative phrases such as "Tax Invoice" must be in English, consideration should be given that there may be New Zealand entities (such as Māori businesses or Iwi) that hold financial records in Māori that may use e-invoicing and if this may have an impact in either receiving e-invoicing information in English, or whether this could create issues if an Australian entity was electronically invoiced in Māori.

Please additionally see notes under Question 2.

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## QUESTION 2: Legal personality, continuity and limited liability

**What do you think would be the best legal structure for the operational governance body? Please explain your answer.**

From the discussion document, out of the options it appears that an incorporated entity would be the best option. Having an unincorporated entity would create risk to businesses who want to be part of the organisation and would probably not join an organisation because of this.

However, consideration should be given to creating an organisation that has delegated legislative authority to set regulatory standards without having to go through a full legislative process.

Although interstate commerce is regulated at the Federal level in Australia, as e-invoicing will be used by Australian State Governments, partnerships and sole traders if regulation is required to set a standard this may require all State Governments and New Zealand to authorise this. This could inhibit flexibility to respond quickly to stakeholder requirements.

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### QUESTION 3: Government and industry participation in operational governance

**3(a) Beyond the initial establishment phase, who do you think should lead the operational governance of trans-Tasman e-Invoicing; what functions and roles should the operational governance arrangement include? Please explain your answer.**

There must be representation from all aspects of the procure to pay lifecycle, including providers of finance systems that will be executing the processes, businesses and organisations who use the systems to issue and settle invoices, and relevant government regulators (such as ATO and IRD).

Having the support of system providers who will be designing systems are critical to ensuring the success and uptake of e-invoicing.

Businesses and organisations who will use the system are important to ensure that the system caters for the needs of its users.

It's important to have government involvement to facilitate feedback to policy and to receive advice on future policy direction to the body.

**3(b) Do you see sufficient incentive in our proposal for you to consider participating in the operational governance body?**

As a provider of Enterprise Resource Planning (ERP) and Financial Management Information Systems (FMIS), we would strongly consider participating in the operational governance body.

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### QUESTION 4: Operational sustainability

**How do you think the long-term sustainability of the operational governance of trans-Tasman e-Invoicing, with appropriate cost allocations, can best be assured; and what funding models do you suggest? Please explain your answer.**

The discussion document was positioned very strongly to the organisational body being self-funded or industry funded. Given that e-invoicing will benefit society as a whole:

- Reduction in invoice fraud
- Reduction in transaction cost
- Lower revenue risk to tax authorities

Consideration should be given to government funding for the proposed body.

The body doesn't necessarily need to be fully government funded as there is a direct benefit to the businesses who use the system. Fees could be payable by system providers who would use the 'services' of the body. To encourage the uptake of e-invoicing there should not be a direct cost imposed on the end-user businesses.

Additionally, it's critical that transaction fees are not levied on e-invoicing participants. EFTPOS is used much more in New Zealand than Australia with no business-imposed minimum spends because there are no transaction fees for merchants. Instead a subscription to the system is paid. Transaction fees on payments have started to have an impact on the economy in the retail sector with the uptake of contactless cards been processed by Visa or Mastercard to the point that regulation was brought in by the Australian Government capping transaction fees.

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## QUESTION 5: A preferred option

**Do you have any additional comments or information to help us with reviewing and further developing our early thinking and conclusions about a preferred option for operational governance of trans-Tasman e-Invoicing? If so, please provide your comments here and/or direct us to the additional information you would like us to consider.**

The discussion document notes the creation of the Digital Capability Locator (DCL) service by the ATO. It notes that there are terms and conditions that must be accepted to gain access to this.

The DCL should come under the oversight of the governance body as it's a critical part of the proposed infrastructure for e-invoicing.

As the DCL will need to be accessed by NZ Government organisations this could issues around sovereignty where NZ Government organisations are having to contract under Australian law.

The DCL appears to duplicate the potential of the NZBN register. The NZBN register already has an open API format to poll for business data and should be the 'one stop shop' for businesses and other entities to maintain business data like "digital addresses".

Consideration should also be given to the DCL functionality being a part of the ABN register.

Potentially the interface standard could have a flag to poll either the DCL or the NZBN register depending on a country flag in the supplier/customer record. This means that New Zealand entities would maintain their data in the NZBN register with the rest of their data and Australian entities could continue using the DCL (or the ABN register). By having the ability to poll separate address registers this could potentially future-proof the standard for if a third-party country wishes to join e-invoicing later such as APEC countries or Pacific Islands countries with close economic ties to Australia and New Zealand.

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