



3 February 2021

Mr Matthew Sedgwick  
Data Economy Unit  
Treasury  
Langton Crescent  
PARKES ACT 2600

By email: e-Invoicing@treasury.gov.au

Dear Mr Sedgwick,

### Options for mandatory e-Invoicing adoption by businesses

The Corporate Tax Association (CTA) welcomes the opportunity to make a submission in relation to the *Options for mandatory e-Invoicing adoption by businesses Consultation Paper (Consultation Paper)*

The CTA is the key representative body representing major companies in Australia on corporate tax issues and is a united voice for the collective view of the large corporates we represent in advocating for a better corporate tax system in Australia. Further information about the CTA can be found on our website at [www.corptax.com.au](http://www.corptax.com.au).

#### *Overall comments*

Broadly, our members welcome the initiative of e-Invoicing and consider that the initiative will largely bring in the anticipated benefits stated in the Consultation Paper including efficiency, faster payments and the other stated benefits. However, our members have indicated to us they are at various stages of considering the e-Invoicing regime.

Some have formed views regarding the impacts on their business. Others are still at the discovery phase, having to take into account the impact of any changes on the several systems they use in conducting their business due to the high volume of transactions they have with a variety of suppliers using a variety of systems (rather than using one system to transact with all suppliers). There are costs associated with implementing e-Invoicing and as yet, some members have not been able to determine the likely costs to their businesses at this stage. Others note that existing fee structures of some invoicing platforms can involve the charging of fees according to the value of goods supplied for the provision of the invoice, where the 'cost' of the invoice can become prohibitive when high value goods are involved. In such circumstances, it may be preferable for a 'manual' invoice to be issued rather than using an electronic platform.

Also, not all members have been able to determine a timeframe they would be comfortable with for implementing the regime, particularly where implementation is across numerous systems. In addition, some members are still analysing the

impact of adopting the *Pan-European Public Procurement OnLine (Peppol)* framework.

### *Timing*

As with any system changes, businesses will need to have sufficient lead time from the time the final design is determined to implement the changes – members have advised us at least 12 months would be required. This should allow for the option for a business to 'go early' should they be ready earlier than the stipulated time period. A similar implementation timeframe that was used for the introduction of Single Touch Payroll (which included hard and soft start dates as well as the option to obtain a deferral if required) could be adopted.

A system change to accommodate this initiative may need to fit in with a business's other planned system changes. Further, the ability for a business to make the requisite change is dependent on the software provider selected by the business providing a solution.

Accordingly, there should be the option to defer implementation if a business is awaiting a software solution from their preferred provider (rather than having to get a different provider).

### *Compliance with Peppol*

Broadly, members support the need for large businesses to have the *capability* of receiving e-invoices that comply with the Peppol framework in line with the mandate imposed on the public sector in the 2020-21 Federal Budget. However, at this stage we consider that the use of e-Invoicing not be mandated for all transactions and that any system adopted should be fit for purpose.

Many large businesses already have systems in place where all invoicing is managed electronically; others have systems to allow physical invoices to be scanned into IT systems. Where a business is looking to upgrade their invoicing system, we will work to encourage our members, as part of any transition, to adopt an e-Invoicing system that satisfies the Peppol framework.

### ***Options to Accelerate adoption of Peppol e-Invoicing in the Private Sector***

We support Option 1, the phased-in approach to the adoption of the Peppol e-Invoicing system. This option has the benefit of large businesses 'leading the way' and influencing the adoption of the Peppol framework by medium and small businesses as well as ensuring use of the framework is not isolated to large businesses only.

### *Definition of 'large business'*

A consistent approach to the definition of 'large business' should be used to ensure it is clear in the market which businesses are considered large businesses for the purpose of this measure.

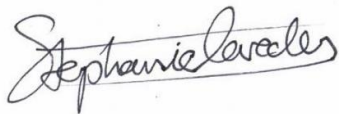
A familiar definition of 'large business' is that used by the ATO, is an economic group with a combined turnover of more than \$250 million. We support adoption of this

definition for the purpose of e-Invoicing. This definition is already well-understood by a large part of the market and is easily found on the ATO website<sup>1</sup>.

Alternatively, if adopting the ATO definition is not preferred, then the next best option in our view is the definition in the *Payment Times Reporting Act 2020* (Cth) which is businesses with a turnover of more than \$100 million. We do not consider that the \$10 million threshold for large/medium businesses used in the tax agent lodgement program is appropriate given a threshold of \$50 million is used in other parts of the tax law to define eligibility of businesses for 'small business concessions'. As such, using \$10 million as a threshold may lead to confusion in the market. Additionally, a 'new' definition of large business should not be constructed solely for the purpose of e-Invoicing.

Should you have any questions, please do not hesitate to contact me on [REDACTED]

Yours sincerely,

A handwritten signature in black ink that reads "Stephanie Caredes". The signature is written in a cursive style and is underlined.

Stephanie Caredes  
Senior Tax and Policy Adviser  
Corporate Tax Association

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<sup>1</sup> <https://www.ato.gov.au/Business/Large-business/>