



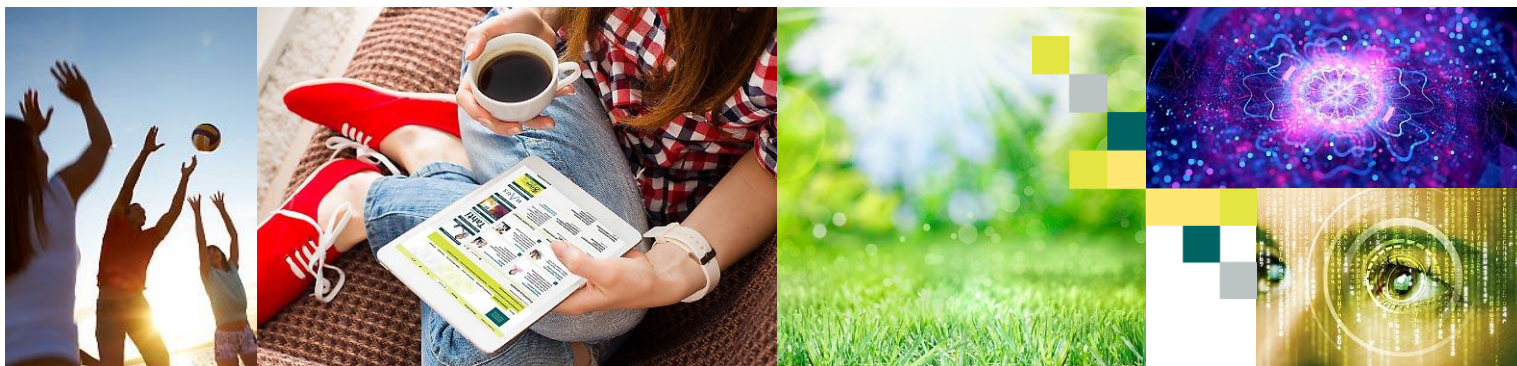
How E-Receipts Help Tax Reporting And Prevent Black Economy



Valtiokonttori
Statskontoret
State Treasury

Agenda

- Finnish State Treasury
- How governments can speed up e-invoice pace
- Finnish State Treasury automation goals: E-Invoice law, purchase and sales invoice, robotics for invoice processes
- It's not only about E-Invoicing: We need E-Receipts as well
- Nordic Smart Government 3.0: Simplifying administration and creating growth by effective and innovative use of data, digitalisation and automation



STATE TREASURY AS THE PRODUCER OF SERVICES FOR THE GOVERNMENT

State Treasury in Brief



Developing and producing internal corporate central-government services in partnership with government agencies:

- financial administration, transaction and procurement processes
- civil service departments' and agencies' statutory accident and indemnity insurance services and support for the development of working life
- managing loans granted by the state
- promoting the state's knowledge-based management



Services for private citizens and enterprises:

- military disability and criminal injury compensation, housing loan guarantees and interest subsidies, exemption decisions, inheritance matters of people with no heirs
- compensation for damage caused by state officials

Centralised government functions

government borrowing and cash management

central accounting for government

final central government accounts

gathering and reporting information on government personnel, finances and results



274 employees



office in Helsinki

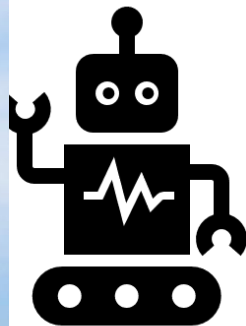


operates in the administrative branch of the Ministry of Finance

State Treasury

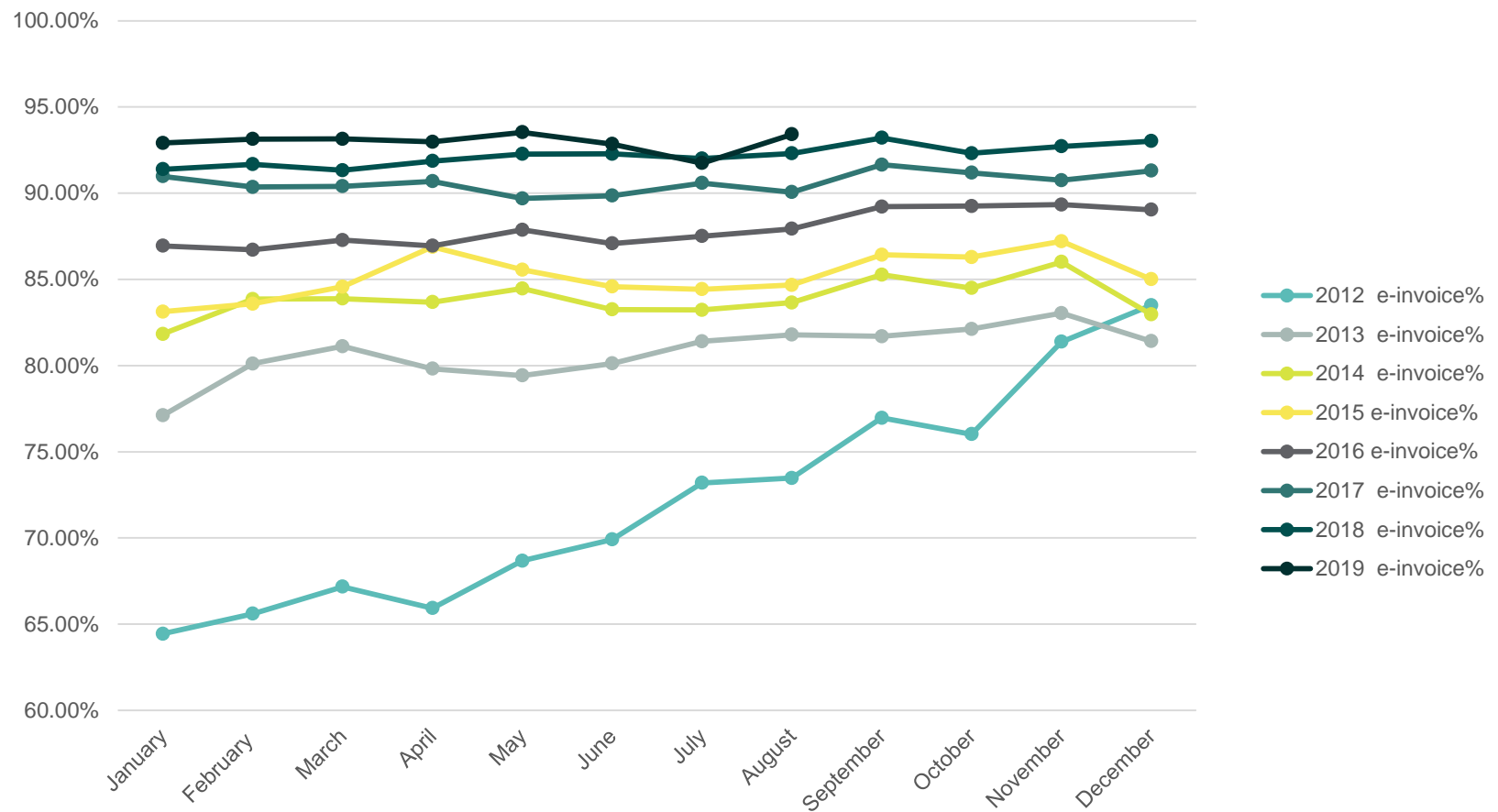
- The State Treasury consists of three divisions
 - **The Services for Citizens Division:** provide government agencies and institutes with statutory insurance services to cover accidents and damages as well as employer services related to insurance.
 - **The Financing Division** is in charge of central government debt servicing and cash management and administering loans
 - **the Government Finance Administration, Information and Working Life Management Division** include government group accounts and the steering and development of financial administration

- **How governments can speed up e-invoice pace**
- **Finnish State Treasury automation goals: E-Invoice law, purchase and sales invoice %, robotics for invoice processes**



Purchase invoices - invoices sent to the state

- Incoming invoices 2,9 million per year



Automatically processed invoices

- At invoice level the e-invoice needs to have either
Order number / Agreement identifier / Account reference
- The public administration's detailed requirements for national electronic invoice descriptions (VAT, EN16931)

Public administration's instruction for the acceptance of electronic invoices compliant with the semantic data model given in Directive 2014/55

With effect from April 2019, the public administration will accept those electronic invoices whose data content corresponds with that of the semantic model. Invoices whose data content complies with the semantic model may be sent to central government. The first of April 2020 the public administration will only accept e-invoices whose data content corresponds with that of the semantic model

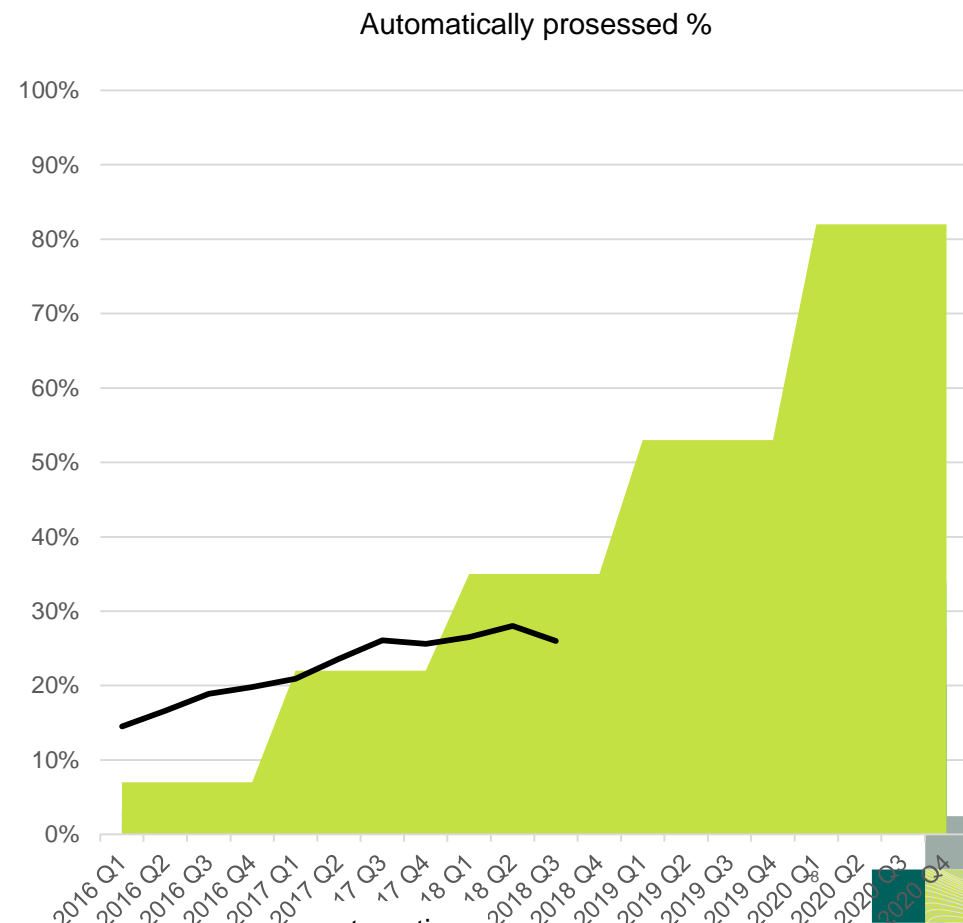
The sender of an electronic invoice shall use versions Finvoice 3.0 or TEAPPSXML 3.0 of the national descriptions or the syntax specified in the EU standard (EN 16931-1:2017) in accordance with the guidelines contained in the ISO/IEC 19845 (UBL 2.1) and UN/CEFACT XML Cross Industry Invoice D16B standard.

The obligatory fields in the national format must be completed in accordance with the descriptions, for example invoice number and invoice date, so that the invoices provide the information required in a VAT invoice.

The EU standard's codes are to be used in invoices unless the seller and buyer agree otherwise. Codes in accordance with EU standards must always be used in national invoices.

The public administration's detailed requirements for national electronic invoice descriptions are given in the table below. Further information and guidelines can be found on the State Treasury's web pages.

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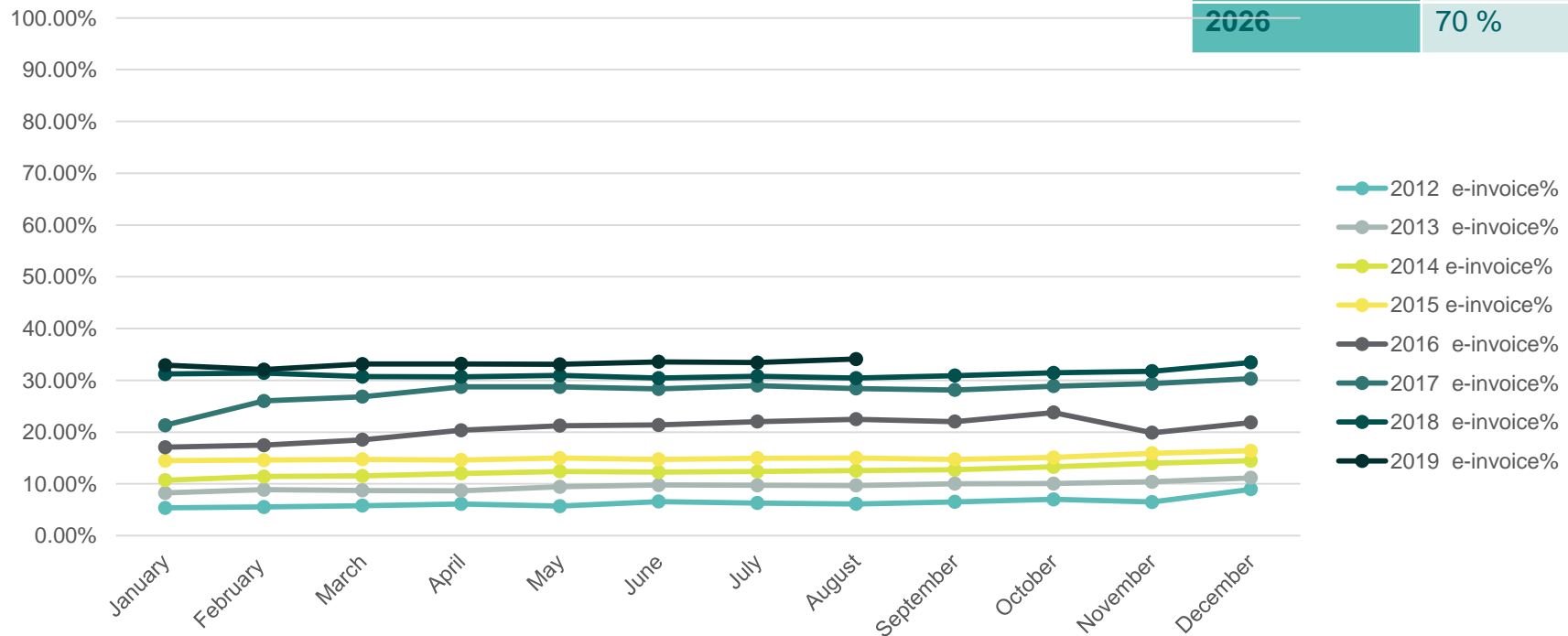


Sales invoices

- 10,2 million sales invoices including taxes
- 95% of the invoices are send to the consumers
- Other options for paying the bill
- (mobile, online payment..)

Goal:

Year	E-invoice%
2020	40 %
2021	45 %
2022	50%
2023	55 %
2024	60 %
2025	65 %
2026	70 %



Directive 2014/55/EU and Law 241/2019 on electronic invoicing

Our goal for the Finnish legislation: e-invoices and eReceipts enables automation of financial administration

Why?

- Cost savings
- Remove unnecessary work
- E-invoice is already in use B2B, B2G and G2B
- Develop new services and products



Law 241/2019 on electronic invoicing

- The law has two national extension to the 2014/55 directive
- 3§ Extend nationally to invoices based on contracts above national thresholds but below EU thresholds
- 4§ The contracting entity and the trader shall have the right to receive, on request, an invoice from another contracting entity or trader by electronic invoice.
- 4§ would enter into force on 1.4.2020
- We use the extra year for compliance of non-central entities so sub-central contracting authorities and contracting entities must receive and process electronic invoices which comply with the European standard on electronic invoice on 1.4.2020



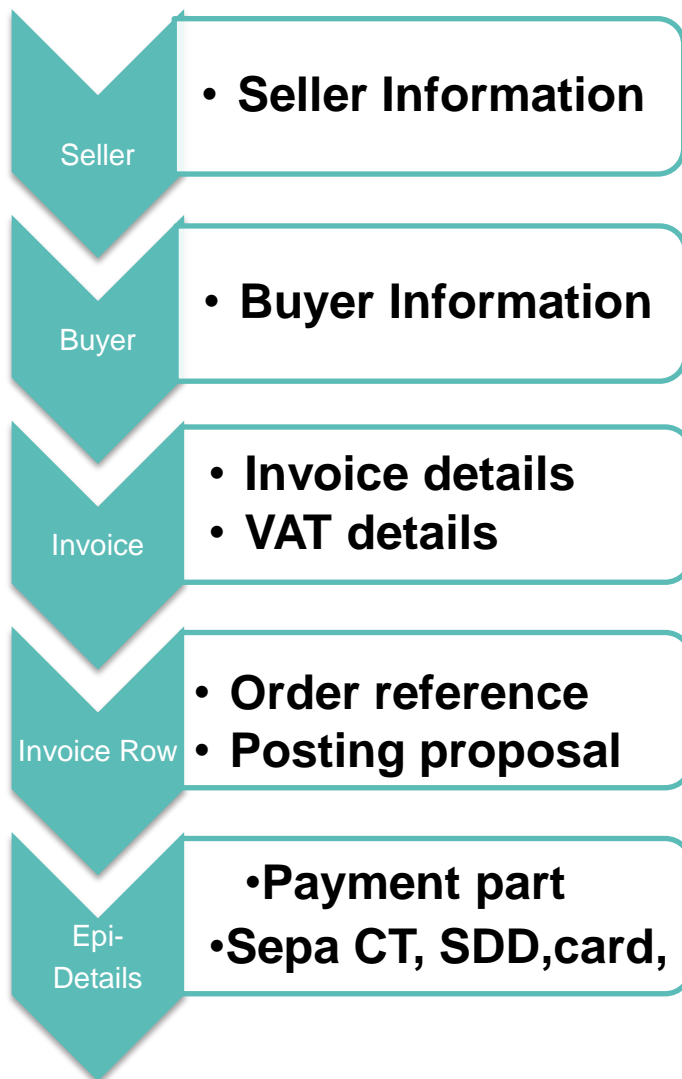
- How E-Receipts Help Tax Reporting And Prevent Black Economy
- It's not only about E-Invoicing: We need E-Receipts as well

E-receipt's benefits

- Benefits for all
 - real-time information for management and decision making
 - improved productivity at companies
 - prevention of black economy
 - companies can bring their accounting processes nearly to real-time speed by using e-Receipt, electronic account statements and e-invoices
 - more time for meaningful work
 - reduced use of paper
 - new business activity based on structured data
 - structured receipts will make life easier for consumers
 - decreased carbon footprint
- Finland 1.8 billion card payment
- Sweden: 4 billion receipts -> 60 000 trees



Reuse the e-invoice and e-receipt data



Reuse the e-invoice and e-receipt information

- VAT reporting
- the customs
- Statistics
- Other reports e.g. Eurostat
- Factoring
- Posting proposal and accounting
- Real-time information for decision making and forecasting
- Administrative reports from corporate financial systems from salary payments, e-invoicing, payments and account statements

The European Committee for Standardization's CEN/TC 434 Electronic Invoicing

- Defines the Electronic Invoicing standard in the context of the Directive 2014/55/EU on electronic invoicing in public procurement
- The semantic model provides necessary details to support payments with Credit Transfer, Direct debit and Payment Card in accordance with the Single Euro Payments Area (SEPA)

→ Pay with the card and the e-invoice

will turn to an eReceipt

→ Finland we use e-invoice format for eReceipts



eReceipt -Finland

- Infrastructure for eReceipts has been created by a group including members from private sector and public sector
 - Work started year 2015 under supervisory of Finance Finland and continued under Technology Industries of Finland
 - State Treasury participated to development work from the very beginning.
- Governmental offices have about 600 000 receipts, which nowadays are handled manually. eReceipts make possible savings up to 30 man-years
- Guidelines have been published and it is time for piloting, which is scheduled to start during Q4/2019

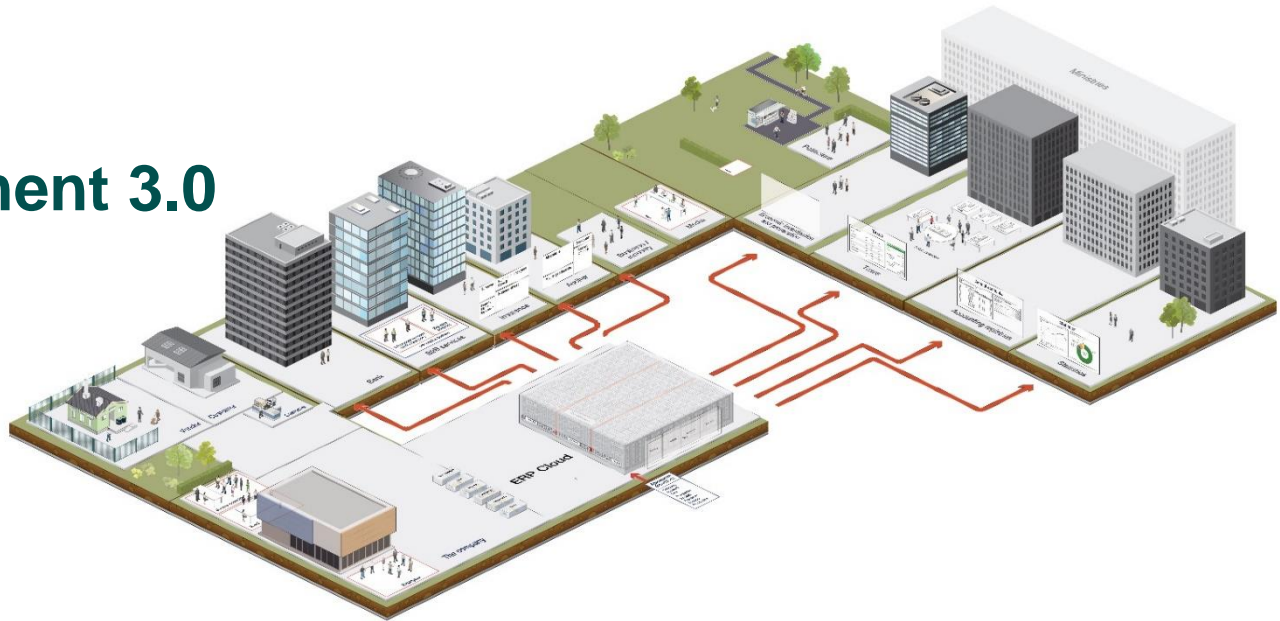


Tax fraud the most common economic crime

- Legal business activities involving the non-payment of statutory payments and taxes form part of the black economy.
- Estimates of the black economy's share of Finnish GDP is 5,5–7,5 %
Estimates on such losses range 4-6 billion euros per a year
- Options to prevent black economy with receipt:
registered On-line point of sale systems <> use structured data and have
- We should use option that gives benefits to all parties

Nordic Smart Government 3.0

Nordic Smart Government 3.0



VISION

Simplify the administration of small and medium sized enterprises in Nordic region and create growth by effective and innovative use of data, digitalisation and automation.

AIM

To present a road map with regulatory and technical requirements for implementation in public and private system – across the Nordic region

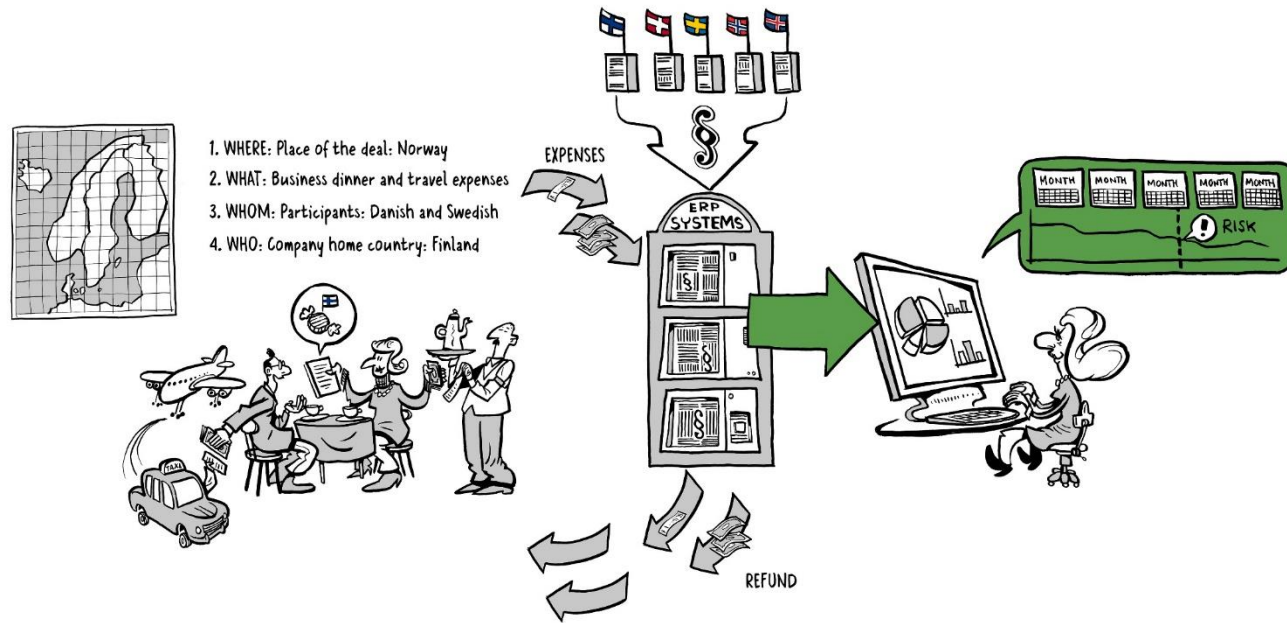
Estimated effect
25-27 billions
euro/yearly from
2027

The Nordic Smart Government project meets the Finnish Government Programme's objectives on making use of financial information



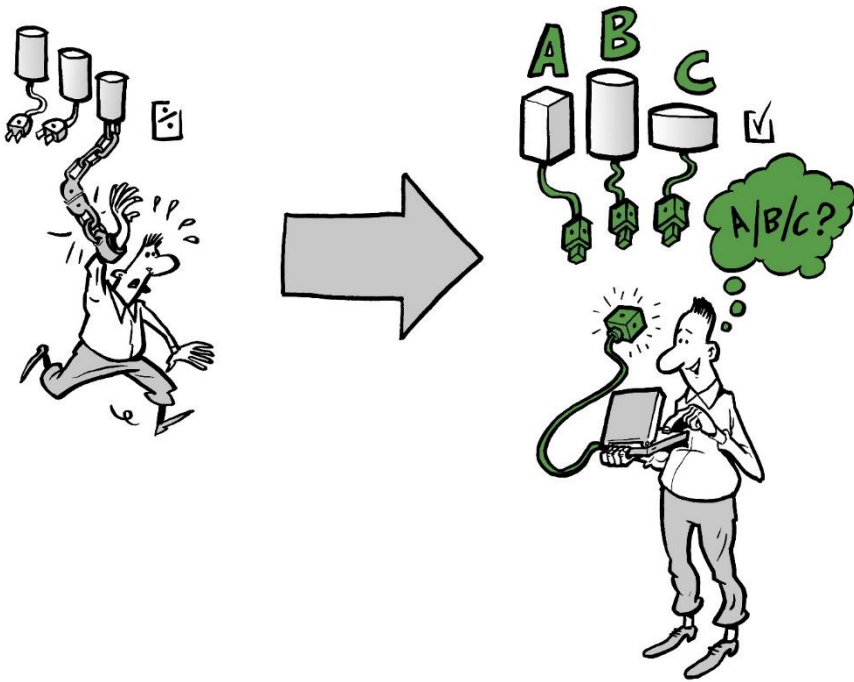
- According to the Government Programme, Finland wants to be a pioneer in terms of real-time economy. In practice, this means that information on business transactions can be transferred in electronic format and in real time from one company to another and from companies to the authorities.
- In order for the information exchange to work automatically, receipts and invoices need to be in electronic format, as the Government Programme prompts.
- The new Government Programme states that authorities' investments in e-services lay a foundation for new innovations from companies and, ideally, decrease the companies' costs.

Handling reporting to Nordic authorities: The VAT case



VAT in general, and especially cross-border (reverse VAT) is difficult for the SMEs to handle. Reverse VAT is handled differently from country to country, and it is difficult for the SMEs to navigate and understand the different set of EU/national rules. What VAT regime applies to the taxi bill and the business dinner in this example?

Incompatible Systems Challenges Portability of Data



Although business data in principle is owned by the SME, the transfer of transaction data to a new system vendor is in practice difficult due to incompatible standards.

Even if key figures in the Annual Report may be transferred, relevant and important details, such as historic postings, invoices and records, is not a service to be expected.

It means that the SME who wishes to change to another service provider, is likely to lose data.

Data is a key resource and raw material for growth – today and in the future

A key task for the Nordic governments is to define requirements to the future eco-system so that all Nordic SMEs may reap the benefits of data



E-Invoice, e-Receipt, structured data



Thank you

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<https://www.valtiokonttori.fi/en/service/government-electronic-invoicing-website/>



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PirjoI