ELECTRONIC INVOICING: PROMOTING E-INVOICING ACROSS UK BUSINESSES AND THE PUBLIC SECTOR

Response by the Association of Taxation Technicians

1   Introduction

1.1   The Association of Taxation Technicians (ATT) is pleased to have the opportunity to respond to the HM Revenue & Customs (HMRC) and the Department for Business and Trade's (DBT's) consultation document '*Electronic invoicing: promoting e-invoicing across UK businesses and the public sector*' ('the Consultation') issued on 13 February 2025[1].

1.2   The primary charitable objective of the ATT is to promote the education and study of tax administration and practice. We place a strong emphasis on the practicalities of the tax system. Our work in this area draws heavily on the experience of our members who assist thousands of businesses and individuals to comply with their taxation obligations. This response is written with that background.

1.3   We welcome the fact that this Consultation is taking place at Stage 1 of the consultation process. Should a decision be made to take any of the proposals forward, we look forward to engaging at Stage 2, where we can consider the available options and comment on the detailed policy design.

1.4   An executive summary is provided in Section 2, outlining our key points at a high level. We have responded to the specific questions posed by the Consultation in Sections 3 to 7. Please note that we have only responded to questions relevant to our remit as a professional body, and have not commented on those directed primarily at businesses and their use of e-invoicing.

1.5   We would be pleased to discuss any aspect of this submission further. Relevant contact details can be found in Section 8.

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[1] https://www.gov.uk/government/consultations/promoting-electronic-invoicing-across-uk-businesses-and-the-public-sector/electronic-invoicing-promoting-e-invoicing-across-uk-businesses-and-the-public-sector

2   Executive summary

2.1   We support the transition to e-invoicing and recognise the potential benefits. With over 130[2] countries already implementing or planning to implement e-invoicing structures and standards[3], it is essential for the UK to take action now to ensure it does not fall behind.

2.2   The UK should continue with voluntary adoption of e-invoicing, followed by a phased mandatory rollout— starting with B2G, then larger B2B firms. Any mandation should include an exemption for businesses below the VAT registration threshold. Additionally, the Government should consider introducing a de minimis threshold for business that have limited B2B and B2G transactions (see Section 5).

2.3   E-invoicing should be implemented over a six-year timeline, aligning with international practices. This provides businesses adequate time to adapt, ensuring a smooth transition whilst minimising disruption (see Section 5).

2.4   The UK should take this opportunity to learn from other countries successes and shortcomings — understanding not just what worked, but why it worked and under what conditions. By considering factors like policy objectives, regulatory environments, business readiness, and government support, the UK can design a proportionate, fit-for-purpose system that delivers benefits without creating unintended burdens.

2.5   A successful e-invoicing rollout must prioritise building the right infrastructure and learning from the challenges of Making Tax Digital (MTD) for VAT. Clear communication is essential and the Government must set out its long-term direction early to give businesses the time to prepare and plan. Messaging should focus on practical everyday benefits (see Section 4)

2.6   The UK should adopt a single e-invoicing standard aligned with international frameworks such as Pan-European Public Procurement Online (PEPPOL) to ensure interoperability, reduce complexity, and support long-term scalability and compliance (see Section 4).

2.7   To drive voluntary adoption, the Government must reduce barriers, support SMEs with low-cost solutions, and collaborate with software providers and businesses. Adoption efforts should focus on the wider benefits beyond invoicing alone.

2.8   The Government should publish an E-invoicing roadmap that sets out a clear long-term vision, realistic implementation timelines, and a firm commitment to delivery. This would give businesses and software providers the confidence to invest and plan ahead, avoiding the uncertainty and frustration seen with previous initiatives such as MTD.

2.9   We support the Government's focus on a decentralised model, as this aligns with the broader policy goals of business facilitation. A decentralised approach offers greater flexibility, supports cross-border trade, and allows for tailored solutions by multiple service providers (see Section 5).

2.10   Real-time reporting is not appropriate at this stage. The focus should be on building the core e-invoicing infrastructure. A clear plan for how data will reduce compliance burdens is essential to secure business support. If real-time reporting is introduced it must reduce admin burdens, and be underpinned by infrastructure capable of supporting high-volume data exchange which is interoperable with the existing MTD infrastructure and supported by a unified digital ID system (see Section 5).

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[2] https://www.gov.uk/government/consultations/promoting-electronic-invoicing-across-uk-businesses-and-the-public-sector/electronic-invoicing-promoting-e-invoicing-across-uk-businesses-and-the-public-sector
[3] e-Invoicing-report-paving-the-way-to-a-connected-economy.pdf

3   About you

3.1   Question 1: Are you responding to this survey as: a business, a representative body, an organisation, an individual, or other (please provide details).

3.2   A representative body.

3.3   Question 2: Are you UK or internationally based? Please provide details

3.4   UK based.

3.5   Question 3: Are the views offered in your responses: Your own views, your organisation's views, or your member' views.

This response has been informed by contributions from our organisation, our members, and volunteers who specialise in VAT.

4   Policy objectives

4.1   Question 18: Do you think there are any other benefits and priorities on e-invoicing that government should focus on?

4.2   We agree with the Government's policy objectives. Any e-invoicing model must be flexible, proportionate, and — above all — well communicated. E-invoicing needs to be presented as part of a broader business strategy rather than framed purely as a compliance exercise.

Building infrastructure

One key priority should be avoiding a repeat of the challenges seen with MTD for VAT, where some small businesses were made to adopt software without adequate support or clear benefits. Businesses need time to adapt, and it is essential that robust systems are in place before any mandatory requirements are introduced.

Realistic messaging on benefits

Faster payment is often cited as a benefit, but e-invoicing won't automatically shorten payment terms. Similarly, while efficiency gains are real, they will only follow a significant investment of time and resource. Communications should set realistic expectations and avoid overselling short-term benefits.

The current invoicing system is plagued by missing information, inconsistent formatting, and unclear terms, which cause delays and errors[4]. E-invoicing should be presented as a solution to these day-to-day frustrations. Its potential lies in how effectively it is communicated and implemented. Messaging should focus on tangible, day-to-day benefits: fewer manual errors, reduced fraud risk, real-time invoice tracking, and improved audit readiness[5]. These are likely to resonate more than broad references to "administrative savings" or "digital transformation".

Global competitiveness and interoperability

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[4] https://www.sage.com/en-gb/company/digital-newsroom/2024/06/06/sage-finds-small-european-companies-can-unlock-in-annual-savings/
[5] https://ec.europa.eu/digital-building-blocks/sites/display/DIGITAL/What+are+the+benefits+of+eInvoicing

As e-invoicing becomes the norm internationally, UK businesses risk falling behind if the UK does not keep pace. Countries with established e-invoicing frameworks benefit from smoother, more secure, and more efficient trade processes. By aligning with global standards, the UK can ensure its businesses remain competitive and are well-positioned to take full advantage of international trade opportunities (see 4.4)

Transparency on long-term direction

Across Europe, VAT in the Digital Age (ViDA) aims to introduce real-time invoice reporting, with mandatory e-invoicing for cross-border B2B transactions set to begin on 1 July 2030[6]. If the long-term ambition is to move toward real-time reporting, that vision should be communicated clearly. Businesses will engage more positively if they understand the full roadmap and can plan for what's coming next.

4.3   **Question 20: Are you familiar with any e-invoicing standards? If yes, what is your preference on what works well and why?**

4.4   The UK e-invoicing standard should align with international frameworks to support interoperability and ease of adoption.

Interoperability and consistency

A UK-specific standard risks isolating UK businesses and creating unnecessary friction. Compatibility with EN16931 and PEPPOL would enable integration with international e-invoicing and readiness for global digital policy developments.

In particular Peppol International Invoice (PINT) allows businesses to engage in seamless cross-border and domestic trade, using familiar and proven structures. PEPPOL is already widely adopted, including by the NHS, and is used by 37 countries both in and outside the EU[7]. Its track record of compatibility and reliability makes it a strong foundation for the UK to build on.

Adaptability and scalability

The standard should be flexible to evolve alongside international frameworks and business needs, ensuring long-term relevance and smooth integration.

The UK has one of the most complex VAT structures globally, with various exemptions, sector-specific adjustments, and partial VAT rules. UK businesses will likely be concerned about how these intricacies will be managed within the e-invoicing framework. Ensuring that the standard is adaptable to the UK's complex tax requirements, without placing undue administrative burdens on businesses, will be crucial for the success of e-invoicing adoption.

A comprehensive single standard

A single, unified standard is essential to avoid complexity, uncertainty and unnecessary costs. The standard should be comprehensive, it should not just focus on invoice format, but data content, messaging, interoperability, tax compliance, and storage.

Brazil's fragmented approach[8] — with over 5,000[9] municipalities applying different e-invoicing rules — has created significant integration and compliance challenges[10]. Businesses have faced compliance issues and

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[6] https://www.vatcalc.com/eu/eu-2028-digital-reporting-requirements-drr-e-invoice/
[7] https://www.storecove.com/blog/en/peppol-countries/
[8] https://edicomgroup.com/blog/electronic-invoicing-brazil
[9] https://sovos.com/en-gb/blog/vat/brazil-introduces-national-standard-for-the-service-e-invoice/
[10] https://www.storecove.com/blog/en/what-are-the-e-invoice-requirements-in-brazil/

significant integration costs. Brazil's recent move towards national harmonisation offers a key lesson on the disruption caused by a fragmented approach, and the importance of adopting a fit-for-purpose standard from the outset to avoid future changes that can lead to confusion and further disruption.

Multiple standards

Some countries have seen the benefit of having multiple standards, particularly for specific industries. However, it is crucial that the initial implementation is done correctly. We believe the current proposals should focus on establishing a single standard. Once this standard has been successfully enacted and refined in practice, the Government can then assess whether additional standards may add value, particularly for industry-specific needs.

5   Models and approaches

5.1   Question 22: Do you have any suggestions on how the government could support increased adoption under a voluntary system.

5.2   To drive voluntary adoption, businesses must understand the broader value of e-invoicing beyond compliance[11]. Invoicing is often the final step in a chain of commercial exchanges, and e-invoicing can support the entire process. For example, PEPPOL enables the exchange of orders, confirmations, catalogues, and shipping documents. This improves efficiency, transparency and integration across business systems[12].

We recommend that the Government takes the following steps to reduce barriers and encourage voluntary adoption:

1.   **Support for Small and Medium-sized Enterprises (SMEs):** Offer government-backed solutions and simplified platforms to help smaller businesses transition without disproportionate cost or complexity.

2.   **Integration with existing systems**: Ensure e-invoicing solutions can integrate smoothly with existing Customer Relationship Management (CRM), Enterprise Resource Planning (ERP), and billing systems, avoiding the need for complete system overhauls. The Government should ensure that businesses are not forced to adopt entirely new systems.

3.   **Training and guidance:** As we have seen with MTD, introducing requirements for software providers alone is not enough, a more proactive approach is needed. The Government must provide clear, practical guidance and hands on support. The Government should run educational campaigns and training initiatives to help businesses understand the benefits and technical requirements of e-invoicing.

4.   **Collaboration:** The Government must work closely with the technology sector, businesses, trade bodies and professional bodies. It is critical that sufficient consultation is conducted before introducing any standards. Early and ongoing consultation will ensure solutions are fit for purpose and standards are implemented effectively.

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[11] https://www.sage.com/en-gb/company/digital-newsroom/2024/06/06/sage-finds-small-european-companies-can-unlock-in-annual-savings/
[12] https://peppol.com/blog/what-is-peppol/

Italy's mandatory phased rollout[13] offers useful insights. Its government-backed system (Sistema di Interscambio[14]) combined with affordable cloud-based tools demonstrates how collaboration between government, software providers, and businesses can support successful implementation.

5. **Consideration of the UK's VAT structure:** Given the UK's complex VAT rules, the e-invoicing framework must accommodate these complexities without creating additional administrative burdens.

6. **Remove uncertainty:** Fragmentation and lack of clarity around standards hinder adoption, especially for SMEs. A well-defined, single standard would give businesses confidence to adopt e-invoicing, knowing their systems are compatible, scalable, and aligned with international developments (see 5.5).

7. **Publish an e-invoicing roadmap:** Set out a clear long-term vision, including realistic timelines for implementation, and commit to delivering it. This will give businesses and software providers the confidence to invest and plan ahead, avoiding the uncertainty and frustration seen with previous initiatives like MTD.

5.3 **Question 23: Do you have any observations, concerns, or recommendations on a move to mandatory e-invoicing for Business-to-Business or Business-to-Government domestic transactions?**

5.4 We welcome the Government's focus on B2B and B2G transactions, and agree that excluding B2C is a proportionate, practical decision.

However, we recommend continuing with voluntary adoption, followed by a mandated phased rollout—beginning with B2G, then large B2B firms, with smaller businesses brought in over time. Introducing a turnover threshold could help ease the burden on SMEs. In particular, businesses below the VAT registration threshold should not be mandated to adopt e-invoicing.

The Government should ensure that mandatory adoption does not create disproportionate costs for businesses. For example, some businesses may have limited B2B transactions. In such cases, the cost of implementing compliant software may be disproportionate. The Government could consider introducing an annual de minimis threshold, based on B2B and B2G transactions, to exclude businesses with limited transactions from the scope.

A voluntary phase gives businesses more time to adapt to new systems without the immediate pressure of deadlines. This supports smoother implementation and aligns with the UK's policy objective of business facilitation. It also allows the UK to learn from other jurisdictions without directly copying models that may not suit the UK's unique VAT system, business landscape, or digital infrastructure. However, risks remain. Poor uptake could result in businesses running dual systems, undermining the intended benefits.

Whilst mandation increases implementation workload, it also creates possible opportunities. In Latin America, mandatory e-invoicing has enabled straight-through processing[15], freeing up staff to focus on more strategic work. After an initial voluntary phase, we believe that the UK should consider moving towards mandation.

Countries with mandatory e-invoicing regimes, such as Brazil and Mexico, have experienced difficulties with cross-border transactions where foreign suppliers or customers are unfamiliar with or unprepared for e-invoicing. These issues can be particularly harmful to trade. The UK should ensure that sufficient resources,

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[13] https://ec.europa.eu/digital-building-blocks/sites/pages/viewpage.action?pageId=718735703
[14] https://www.grantthornton.de/en/insights/2024/italy-the-european-pioneer-of-electronic-invoicing/
[15] https://www.theglobaltreasurer.com/2012/10/04/latin-america-e-invoicing-five-key-differences-with-the-us-and-europe/
https://www.theglobaltreasurer.com/2012/10/04/latin-america-e-invoicing-five-key-differences-with-the-us-and-europe/

clear guidance, transitional support, and alignment with global standards are in place to mitigate these challenges.

5.5   **Question 24: If the UK was to introduce a mandate, how long would you need to implement e-invoicing in your operations?**

5.6   Whilst we are not in a position to comment on the time individual businesses would require, we recommend that the UK considers the EU's proposed timeline when setting its own. This will help ensure that, when the EU e-invoicing mandate begins to take effect in 2030, UK businesses are well-positioned to continue cross-border trade with minimal disruption.

Looking at international examples, the typical period from consultation to full adoption spans around four to six years[16]. For example:

- Portugal launched its consultation in October 2016, passed legislation in 2017, and mandated adoption in 2023[17].
- Spain opened consultation in June 2023, published technical specifications in October 2024, with adoption expected in 2027[18].
- Belgium began consultation in 2022, published draft legislation in September 2023, and plans adoption by 2026[19].

These timelines suggest that a period of around four to six years from initial consultation to full adoption is both realistic and consistent with international practice, providing businesses and software providers with sufficient time to prepare, adapt their systems, and ensure a smooth transition.

We believe a realistic timeline for implementation would be six years. To support this, the Government should publish an e-invoicing roadmap that sets out a clear long-term vision, includes practical and achievable milestones, and demonstrates a firm commitment to delivery. This would help to avoid the uncertainty and frustration associated with previous initiatives such as MTD.

5.7   **Question 26: Given the information provided and your own knowledge, do you think it is correct for the government to focus on a decentralised model over a centralised model?**

5.8   We believe it is appropriate for the UK to focus on a decentralised model. The UK's approach should be shaped by its own policy objectives, rather than replicating models adopted elsewhere.

For example, Italy's adoption of a centralised model was driven largely by the need to reduce its VAT gap, making a government-controlled platform a suitable choice in that context. However, such a model requires significant government funding and long-term resource commitments to maintain the infrastructure, ensure security, and process data centrally. Government resource has been an ongoing challenge and source of frustration in other initiatives, such as MTD. In addition, the current consultation sets out broader policy goals beyond tackling the VAT gap, including improving business efficiency and reducing administrative burdens, which are better served by a decentralised model.

A decentralised approach offers greater flexibility. Multiple service providers can offer tailored support and integration with businesses' existing ERP systems and processes, which can enhance automation and improve

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[16] https://4823132-3097.events.kaltura.com/register
[17] https://ec.europa.eu/digital-building-blocks/sites/pages/viewpage.action?pageId=718735716
[18] https://rtcsuite.com/spain-postpones-b2b-e-invoicing-mandate-until-2027-a-new-roadmap-for-compliance/
[19] https://edicomgroup.com/blog/belgium-will-make-b2b-electronic-invoice-mandatory

efficiency. Service providers are also better positioned to develop scalable, innovative solutions, particularly in response to differing regulatory and technical environments.

Additionally, a decentralised model may present a lower risk and liability for the Government. Under centralised models governments are usually liable for lost invoices, delayed processing, cyberattacks and data breaches. A decentralised approach reduces these risks.

Additionally, a decentralised model supports cross-border trade more effectively. Service providers typically support multiple e-invoicing formats, offering the adaptability needed for businesses engaging internationally.

France has recently moved from a hybrid model (central platform plus certified service providers) toward a fully decentralised five-corner model[20]. While this increases flexibility, the transition itself has created uncertainty, additional burdens for businesses, and operational challenges. It highlights the importance of careful planning and stability and getting the right system in place first time — frequent or significant changes to the model risk undermining confidence, increasing compliance burdens, and disrupting business operations.

5.9   **Question 28: What are your views on an e-invoicing system with real-time reporting for Business-to-Business and Business-to-Government transactions**

5.10   We do not believe that introducing a real-time reporting requirement would be appropriate at this stage, due to the current lack of infrastructure and limited government resource.

While real-time reporting can offer significant benefits, it is essential to first establish a working decentralised e-invoicing model before introducing real-time reporting requirements. The focus should be on ensuring businesses are equipped with the right systems and infrastructure before adding additional compliance requirements.

Real-time reporting systems, such as those used in Brazil and South Korea[21], can be complex and require highly specialised processes, including specific tax configuration and localised ERP integrations. These systems can place considerable strain on businesses, especially SMEs, if not implemented carefully. The cost-benefit must be considered to avoid overwhelming businesses with excessive compliance burdens.

Real-time reporting also demands substantial government resource to manage the infrastructure, process large volumes of data, and provide timely support to businesses. This has been a challenge in other digital initiatives, such as MTD, where resourcing constraints have affected delivery timelines and user experience.

It is important that businesses do not view e-invoicing as a mere compliance exercise but as an opportunity to streamline operations and enhance efficiency. The implementation of such systems should be gradual, with sufficient time and resources allocated to ensure smooth integration and adoption.

Clear communication on how the data will be used would be crucial to gaining business buy-in for real-time reporting. It is important that the Government has a clear plan in place to use this data in an effective way to reduce the compliance burden. The use of data should be clearly thought out so that businesses can see benefits via automation of compliance and better oversight of information to assist with the strategic management of their own businesses.

It is essential that any e-invoicing real time reporting requirement reduces, rather than increases, the administrative burden on businesses. As MTD continues to be rolled out, businesses will already be required to report transactional data via compatible software. E-invoicing should therefore be interoperable with the

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[20] https://www.fonoa.com/blog/centralized-vs-decentralized-e-invoicing
[21] https://edicomgroup.com/electronic-invoicing/south-korea

MTD infrastructure. To fully leverage real-time transaction data, a form of single digital ID may also be needed. The supporting infrastructure must also be capable of handling large volumes of data efficiently.

5.11   **Question 30: Thinking about all the models and approaches discussed, which best meets the policy objectives listed at the beginning of the document and any others you may have identified?**

5.12   As set out above, we believe that:

- A decentralised model aligns best with the policy goals. A decentralised approach offers greater flexibility, supports cross-border trade, and allows for tailored solutions by multiple service providers (see Section 5.8).
- The UK should adopt a single e-invoicing standard aligned with international frameworks such as Pan-European Public Procurement Online (PEPPOL) to ensure interoperability, reduce complexity, and support long-term scalability and compliance (see Section 4.4).
- The UK should drive forward voluntary adoption of e-invoicing, before moving to a phased mandatory roll-out, starting with B2G, then larger B2B firms. Any mandation should include an exemption for businesses below the VAT registration threshold to avoid placing unnecessary burdens on the smallest entities (see Section 5.4)
- A six-year implementation timeline is realistic and consistent with international practice (see Section 5.6)
- Real-time reporting is not appropriate at this stage. The focus should be on building the core e-invoicing infrastructure (see Section 5.10).

6   Support and engagement with business

6.1   **Question 31: If the government was to move towards one of the discussed options, what support would be needed and how would that change between the different approaches?**

6.2   The Government should support businesses by reducing barriers to adoption (see Section 5.2) including;

- Offering government-backed solutions and simplified platforms to help smaller businesses transition to e-invoicing without disproportionate cost or complexity.
- Ensuring that e-invoicing solutions can integrate smoothly with existing systems, avoiding the need for complete system overhauls.
- Providing clear, practical guidance and support, and running educational campaigns.
- Publishing an e-invoicing road map setting out the long term vision, realistic timelines and a firm commitment to its delivery.

7   Next steps

7.1   **Question 32: Are you content for us to contact you if we have any questions about your response?**

7.2   Yes. Our contact details can be found at section 8 below.

7.3   **Question 33: Are there other technical issues which you think we should look at further?**

7.4   A key technical issue to consider is the approach to penalties and incentives for compliance. Some countries have mandated e-invoicing and imposed fines or penalties for non-adoption, while others have

made e-invoices the legal VAT invoice. In these jurisdictions, not using e-invoicing prevents VAT reclaim, which creates a strong incentive for businesses to adopt the system. This method focuses more on positive encouragement rather than enforcement.

A soft landing period during the voluntary phase and initial mandatory phases for penalties would support businesses in the transition to e-invoicing without creating unnecessary burdens.

One risk to consider is the potential for complete evasion in cases where businesses attempt to bypass the system. If businesses continue to use non-compliant invoicing systems, there could be challenges in enforcement.

7.5   **Question 34: Is there anything else you would like us to be aware of relating to a potential future UK policy on e-invoicing?**

7.6   **AI, Machine Learning and block chain**

The Government should ensure that e-invoicing systems are integrated with emerging technologies such as AI and blockchain[22]. Collaborating with these technologies will not only streamline processes but also enhance the overall effectiveness of the e-invoicing framework.

AI chatbots should be developed to assist businesses in understanding and implementing e-invoicing processes.

Sector-Specific Needs

A rigid e-invoicing system may not accommodate industries with complex or bespoke transactions. For example, Italy's e-invoicing system, despite its success in curbing tax evasion, faced criticism from businesses in specialised sectors that found it too inflexible. Any move towards e-invoicing should be proportionate and work for all businesses.

8   Contact details

8.1   We would be pleased to join in any discussion relating to this consultation. Should you wish to discuss any aspect of this response, please contact us at atttechnical@att.org.uk.

9   Note

9.1   The Association is a charity and the leading professional body for those providing UK tax compliance services. Our primary charitable objective is to promote education and the study of tax administration and practice. One of our key aims is to provide an appropriate qualification for individuals who undertake tax compliance work. Drawing on our members' practical experience and knowledge, we contribute to consultations on the development of the UK tax system and seek to ensure that, for the general public, it is workable and as fair as possible.

Our members are qualified by examination and practical experience. They commit to the highest standards of professional conduct and ensure that their tax knowledge is constantly kept up to date. Members may be found in private practice, commerce and industry, government and academia.

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[22] https://wallester.com/blog/business-insights/what-is-electronic-invoicing-and-how-it-works-wallester

The Association has more than 10,000 members and Fellows together with over 7,000 students. Members and Fellows use the practising title of 'Taxation Technician' or 'Taxation Technician (Fellow)' and the designatory letters 'ATT' and 'ATT (Fellow)' respectively