

Electronic Invoicing in Public Procurement

Information Note 03/18

22 November 2018

Issue

1. To outline and seek views on the UK Government's proposed approach to implementing EU Directive 2014/55/EU on electronic invoicing in public procurement ("the Directive").

Timing

2. Please provide any views by 21 December 2018.

Background

3. Following the UK's exit from the EU, during the time-limited implementation period, EU law will continue to apply in the UK subject to the terms set out in the Withdrawal Agreement. Cabinet Office is therefore undertaking the necessary steps to implement this Directive. In the unlikely event that no deal is reached on the UK's withdrawal, the UK would not be obliged to implement the Directive.

4. The Directive was adopted with the UK's agreement by the EU in 2014 and provides for the introduction of a common technical standard for e-invoicing ("the Standard") to help address the many different e-invoice standards used throughout Member States. These varied formats cause unnecessary complexity and additional operating costs for businesses and public contracting authorities and contracting entities.

5. The Directive is simple and short. It focuses primarily on the process for the development and management of the Standard by the EU Commission but also obliges Member States:

- To ensure that contracting authorities and contracting entities comply with the Standard; and
- To bring forward the necessary laws and other measures to ensure that happens.

6. On 28 June 2017 the European Committee for Standardisation (CEN) issued the Standard, which was published by the Commission in its Implementing Decision 2017/1870.

7. Central contracting authorities will be required to accept and process electronic invoices complying with the Standard by 18 April 2019. In respect of sub-central contracting authorities (e.g. local government) and contracting entities the Directive allows for the possibility of deferring the obligation on those authorities and entities to comply with the Standard to 18 April 2020, although they may do so voluntarily from any time.

8. The Member States must take the necessary measures to ensure that their contracting authorities and contracting entities accept and process electronic invoices that comply with the Standard.

9. The Directive does not require suppliers to adopt the Standard. Suppliers may continue with current invoicing processes.

10. Cabinet Office/Crown Commercial Service has a longstanding history of involving stakeholders in the transposition of EU Procurement Directives. This PPN sets out our proposed approach to implementation (below) and we would welcome any views you may have by 21 December.

Proposed UK Approach

11. Mandatory elements

We propose to introduce a new statutory provision for contracting authorities and entities. It would oblige contracting authorities or contracting entities, through introduction of an implied term into existing procurement legislation, to process an undisputed invoice that complies with the Standard.

12. Optional elements

a) We could develop an additional administrative measure to support the regulatory measure. This would be through the development of a model contract term to be published in further guidance.

b) The Directive permits a longer lead-in period for sub-central authorities and contracting entities to accept Standard-compliant e-invoices (April 2020). We propose to take advantage of this flexibility in our implementing regulations.

Providing your views

13. Please provide any views on the proposed UK approach, as described in paragraphs 11 and 12 above, to Andrew Timms of the EU/International Procurement Policy Team. Contact: andrew.timms@cabinetoffice.gov.uk by 21 December 2018.