

## **Singapore's Nationwide E-Invoicing Initiative**

### **What is the nationwide e-invoicing initiative?**

The Singapore nationwide e-invoicing initiative was started by the Government to encourage businesses to send and receive invoices electronically. Under this arrangement, invoice data is exchanged between suppliers and customers in a standardised electronic format based on PEPPOL specifications. The invoice will be automatically entered into the accounting system of the customers (receiving parties) if they are also on the e-invoicing network.

Businesses which are registered on the e-invoicing network can send invoice data directly from a PEPPOL-ready software to customers who are also registered for e-invoicing. Similarly, invoices from suppliers which are on the e-invoicing network can be received directly into the PEPPOL-ready software.

The objective of this initiative is to reduce business costs by eliminating the need to process invoices manually and separately. This include checking and re-entering of invoices into an enterprise's accounting or ERP system.

The e-invoicing network adopts a "4-Corner Model"<sup>1</sup> where both the supplier and customer are each connected to an Access Point (AP) on the e-invoicing network. Access Points services are provided by AP service providers. Based on our understanding, PEPPOL-ready accounting, ERP or invoicing software do not require separate AP services.

### **What is PEPPOL?**

PEPPOL is not a platform. Put simply, it is a set of standards or technical specifications originated from Europe that allows procurement information (like invoices) to be exchanged electronically. The development and maintenance of the PEPPOL specifications is under the responsibility of OpenPEPPOL, a non-profit organisation based in Belgium. Currently, Singapore is one of the five non-European countries that are using PEPPOL – the other four being US, Canada, Australia and New Zealand.

IMDA is the PEPPOL authority in Singapore. Access Point (AP) providers in Singapore will have to register the PEPPOL ID of registered businesses with SGNIC which is the appointed Service MetaData Publisher (SMP).

A search for other businesses on the network can be done on the global directory available at <https://directory.peppol.eu/>

## Supplying to the Singapore Government

The Government has already adopted the e-invoicing initiative. A guide titled "E-invoice Submission to Singapore Government Agencies via the PEPPOL Network" has been published by the Accountant-General's Department (AGD). While e-invoicing is currently just an additional channel for submission of invoices to government agencies, this may become the only channel in the future. When this will take place, however, is currently uncertain.

## Getting on to the e-invoicing initiative

To adopt the e-invoicing initiative, businesses will have to:

1. Register with the e-invoicing network and will presumably be issued a PEPPOL ID. There is currently a \$200 government grant available from the Infocomm Media Development Authority (IMDA) for businesses registering before 31 December 2020<sup>2</sup>, and
2. Adopt or migrate to PEPPOL-ready software solutions to generate, send and receive invoices electronically (see below).

## How to adopt PEPPOL-ready solutions

Currently, the ways to have PEPPOL-ready software or solutions are as follows:

1. Adopt a PEPPOL-ready (or PEPPOL-compliant) accounting, ERP or invoicing software solutions that will be used to generate and send the invoices electronically.

E-Invoices from suppliers on the network will be recorded directly into the accounting or ERP software. Ideally, the accounting functions for all the business transactions should be performed on the same software. Most of such software are cloud-based and requires monthly or yearly subscription fees.

2. Subscribe to AP services to connect and interface your existing accounting, ERP or invoicing software to the e-invoicing network. This should apply to software that are not cloud-based or which are not PEPPOL-ready – including 'desktop versions' or even certain cloud-based software.
3. Subscribe to an online e-invoicing software or service. Currently there are software service providers that may be providing free e-invoicing (only) services.

## Observations and considerations

As with all new software solutions, there are many considerations that should be covered. Some of what we assess as the more salient points are:

1. For maximum cost savings, the software solution used to generate and receive the e-invoices should also be used for accounting, GST<sup>3</sup> reporting and other compliance purposes. Otherwise, businesses will still need to operate and interface two or more separate systems for accounting, GST reporting and other requirements.

2. The e-invoicing network will not benefit all businesses to the same extent.

Businesses with high volume of transactions and transacting with parties that are on the e-invoicing network are likely to benefit the most. Invoices in hard or PDF formats will continue to be sent to customers, and received from suppliers, that not on the e-invoicing network. These may be overseas as well as local customers and suppliers. Transactions with such parties will still need to be processed using current methods.

3. Adoption of PEPPOL-ready software solutions and subscription to AP services may entail additional business costs. Apart from subscriptions, there are likely to be costs for migration, customisation, setup and user training for the software solution. These should be weighed against the expected benefits from adopting the e-invoice initiative.
4. In addition, whether the PEPPOL-ready software solutions are suitable for each individual business should be considered. Aspects to consider include ease of use and whether management information requirements can be met. Also, whether the software solution can provide information of suitable quality that will facilitate GST reporting, financial reporting and other compliance requirements should also be examined in sufficient detail. Larger companies will also have to consider how the software solution can fit into its internal control systems.
5. Currently the nationwide e-invoicing network appears to cater only to invoice transactions. Quotations, purchase orders, payments and other forms of transactions cannot be exchanged electronically between customers and suppliers on the e-invoicing network.
6. As supplier invoices will be automatically received and recorded through the e-invoice network, it is envisaged that businesses will have to review the transactions thoroughly for invalid or disputed invoices. The legal consequences of sending and receiving invalid or disputed invoices needs to be explored.

## Summary

The e-invoicing network allows registered businesses to exchange data for invoices. Its objective is reduction of costs of processing those transactions. However, businesses should also consider the costs of adopting the initiative. Each business faces unique challenges and operates differently. There are many factors that each business should individually examine, in sufficient extent, to decide if and when to embark onto the network.

## We can help you

For businesses which are ready to adopt to migrate to PEPPOL-ready accounting software to adopt e-invoicing, we can provide services for the transition to PEPPOL-ready cloud-based online software solutions. Our services include migration of existing systems, setup, customisation, training and support for the new software solution. We can also assist business in registration for the e-invoicing network and evaluation of the various AP subscriptions.

Businesses which outsource their accounting functions to professional service providers can arrange to have those services performed on the same software solutions.

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<sup>1</sup> <https://www.imda.gov.sg/-/media/Imda/Files/Programme/Nationwide-E-Invoicing-Framework/Useful-Info/Introduction-to-E-Invoice.pdf?la=en>

<sup>2</sup> *ibid*

<sup>3</sup> Goods and Services Tax