

# Avalara CRUSH *On Tour*

Get on the list  
today!

## 1 DAY

A value-packed day that gives you the flexibility to choose what works best for you

## 2 TICKET OPTIONS

**General Admission**

**FREE**

**All-Access Pass**

Hands-on training and  
CPE credits

**\$99**

## 3 KEY HIGHLIGHTS

- Support via 1:1 Learning Lab appointments
- Learning through Insight Sessions and Fireside Chats
- Training on Avalara products (All-Access Pass required)



**CRUSH on Tour** also includes activations such as our **Product Pavilion, food and beverages, and a networking happy hour** – all in a setting where you can explore at your own pace.

[events.avalara.com](https://events.avalara.com)

[#AvalaraCRUSH](https://twitter.com/AvalaraCRUSH)



## **Evolution of E-Invoicing Updates in the U.K., U.S. and Beyond**

Presented April 30, 2025

## DISCLAIMER

While we hope you'll find this discussion helpful, this session is for informational purposes only and is not legal or tax advice.



# Safe harbor

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- Avalara reserves the right to change the functionality, release dates, technology, initiatives, and plans described herein without notice or duty to update.



# Meet Your Presenters



**Kate Bowden**

*Director, Enterprise  
Solutions-Tax Technology*

Avalara



**Alex Baulf**

*Vice-President, E-Invoicing  
and Live Reporting*

Avalara

# Avalara was created to alleviate the burden of tax compliance

## KEY FACTS AND FIGURES



In operation since **2004**



More than **31 million** documents/certificates managed by Avalara in 2022



More than **1,200** signed partner integrations



**55 billion** AvaTax API calls were made by customers in 2023



More than **6.6 million** returns processed by Avalara in 2023



Serving **43K+** customers from **75+** countries

## GLOBAL PRESENCE



**14**  
offices

**4,700+**  
employees



# E-Invoicing and Live Reporting

Avalara solution to simplify international e-invoicing and live reporting compliance



## GLOBAL

Implement e-invoicing for multiple countries at once, avoiding separate deployment projects



## SEAMLESS

Enhance your accounting/ERP systems with seamlessly integrated e-invoicing capabilities



## SINGLE

Cut recurring cost for maintenance and administration by consolidating to a sole vendor



## SCALABLE

Swiftly scale e-invoicing capabilities to new countries and be e-invoicing ready when a new mandate occurs



*The breadth and variation of e-invoicing requirements globally require a single solution that can automate and address e-invoicing in any country – regardless of rules or models.*

**Kevin Permenter**  
Research Director



# Agenda

## **01** Background: E-invoicing and its benefits

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## **02** E-invoicing in the UK

- Current snapshot
- HMRC consultation

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## **03** Agenda Topic 3



## QUESTION

# Which documents listed below is an e-invoice?

- Scan of a paper invoice
- Standard PDF-invoice
- JPEG or PNG format
- Structured invoice data exchanged:
  - Peer-to-peer (EDI)
  - Via networks
  - Via platforms
  - On a data stick
- ZUGFeRD format (PDF/A-3)
- Email with invoice information



## DEFINITION

“An invoice that has been issued by the seller, transmitted and received by the buyer in **a structured digital format** which allows for **automated processing**.”

(BPA E-Invoicing Work Group)

## ANSWER

# Which document listed below is an e-invoice?

- Scan of a paper invoice **X**
- Standard PDF-invoice **X**
- JPEG or a PNG format **X**
- **Structured invoice data exchanged:**
  - Peer-to-peer (EDI) ✓
  - Via networks (e.g. Peppol) ✓
  - Via platforms ✓
  - On a data stick **X**
- **PDF/A-3 (e.g. ZUGFeRD) ✓**
- Email with invoice information **X**



## NOTE

Content and formats of an e-invoice will vary from country to country

# The Global E-Invoicing drivers ...

Trend to standardize e-invoicing formats in individual countries and cross-border

## Drivers for standardization and e-invoicing adoption:



### Efficiency improvements (voluntary adoption)

1. EDI: Agreed formats, peer-to-peer
2. National standards
  - > ZUGFeRD in Germany
3. Transition to B2G/B2B cross-border standard:
  - > Peppol for B2G in Europe (leveraging European standard)
  - > Peppol for B2B in Europe + PINT in Singapore, Japan, Australia, New Zealand, Malaysia



### Compliance (mandatory adoption)

- > E-invoicing via local government platforms that collect tax-related information:
  - LATAM: Mexico (CFDI), Brazil (NF-e), Costa Rica (CE)
  - Europe: Italy (SII), Romania (e-factura), Poland (KSeF)
  - Middle East: KSA (Fatoorah)
  - Asia: Malaysia (MyInvois), Vietnam (Hóa đơn điện tử)
  - Africa: Kenya (eTIMS)

The e-invoicing adoption is largely driven by tax-related mandates in many regions.

# E-Invoicing Benefits



## **Cost savings**

No more paper, printing, or postage costs in AR; labor cost reduction in AP.



## **Enhanced security**

Secure transmission and encryption help protect against fraud and cyber crime.



## **Reduced errors**

Automated processing reduces human errors and helps to ensure data accuracy.



## **Increased efficiency**

Automated invoice transmission saves time, streamlines processes, and reduces use of resources.

# **E-invoicing**



## **Better business relationships**

Smoother transactions improves customer and supplier interactions.



## **Faster payments, better cashflow**

Instant invoice delivery speeds up approval and payments and supports cash management.



## **Enhanced compliance**

Automatically generated audit trails support legal compliance.



## **Expanded global reach**

Instant cross-border invoicing facilitates international and local business.

# What are independent experts saying

Why experts recommend e-invoicing over traditional billing methods



## Cost saving

"Various studies have demonstrated potential savings of **up to 70%** compared with paper billing."

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**PwC**



## Efficiency + ROI

"E-invoicing projects typically result in a payback period of **6-18 months.**"

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**Billentis**



## Error reduction

"E-invoicing reduces **the occurrence of human errors** associated with traditional invoicing such as lost invoices and incorrect addresses, which cause payment delay."

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**Australian Government**



## Higher security

"E-invoices are impossible to lose, limit the **risk of fake or compromised invoices**, and reduce the chance of paper or PDF invoices being intercepted."

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**New Zealand Government**

# E-invoicing in the United Kingdom

## Current snapshot

### No B2B or general B2G e-invoicing mandate

- > UK VAT - formal legal requirements relating to the issuing, receiving and storing of e-invoices (Regulations and Public Notices)
- > a supplier must always receive the customer's (the buyer) agreement and acceptance to receive e-invoices.
- > No explicitly mandated format for an e-invoice
- > Making Tax Digital for VAT – didn't provide HMRC with any additional data (still the 9 Box VAT Return)
- > UK has a Peppol authority (England NHS) – BIS3 format
- > many pockets of active e-invoicing among private sector supply chains and among some public bodies such as the NHS and in the devolved administrations.

- > ... but this amounts to a **low to medium level of voluntary adoption** compared with other countries (and often through legacy procurement and AP networks or EDI)
- > UK environment is supported by baseline regulatory framework (mainly derived from retained EU law)
- > Government implemented the EU Directive on electronic invoicing in public procurement
- > **"British e-invoicing standard"** exists! (mirrors European standard – EN16931)



# E-invoicing in the United Kingdom

New Government priority

## Labour Party Conference announcement and Press Release

23 SEPTEMBER 2024

- > Rachel Reeves outlined a package of reforms to "...improve the UK's tax system to help fix the foundations of the UK economy".
- > Announced HMRC will soon launch a consultation on e-invoicing to **promote its wider use across UK businesses and government departments.**

Press release

### Chancellor unveils package to deliver on promises of new government

The Chancellor has today unveiled a package of measures to deliver on the agenda of the new government.

“

The introduction of e-invoicing can significantly reduce administrative tasks, improve cash flow, boost productivity, introduce automation, and reduce errors in tax returns – all helping to close the tax gap. The consultation will gather input from businesses on how HMRC can support investment in and encourage e-invoicing uptake.

**RT HON RACHEL REEVES, CHANCELLOR**

HM TREASURY ANNOUNCEMENT

”



# E-invoicing in the United Kingdom

Budget 2025 - Confirmation of E-Invoicing Consultation

## Budget 2025 & Release of Consultation

- > Confirmed E-Invoicing consultation to be released in early 2025.
- > Consultation document released 13 February 2025
- > Higher level questions - not getting into deep technical detail (e.g. around syntaxes)



“

HMRC and DBT want to understand how differing approaches may integrate with your business systems. This will support development of a UK approach to e-invoicing that improves business productivity by reducing admin burdens and helping businesses to get their tax right. There will be no immediate change in response to this consultation and your responses will be used to inform future decision-making.

BUDGET ANNOUNCEMENT

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

”

# E-invoicing in the United Kingdom

## E-Invoicing Consultation Paper – Some key Questions

- ✓ **What is your average processing time and cost per invoice?**
- ✓ Bridging software allows businesses to connect non-compatible software (like spreadsheets) to HMRC's Making Tax Digital system. Do you currently use bridging software?
- ✓ **Do you think there are any other benefits and priorities on e-invoicing that government should focus on?**
- ✓ What data do you think is important for a standard to include, and do you have any preference over the structure of information?
- ✓ **Are you familiar with any e-invoicing standards? If yes, what is your preference on what works well and why?**
- ✓ Would the UK adopting a single shared standard encourage you to take up e-invoicing?
- ✓ **Do you have any suggestions on how the government could support increased adoption under a voluntary system.**
- ✓ 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?
- ✓ **If the UK were to introduce a mandate, how long would you need to implement e-invoicing in your operations?**
- ✓ What would present a significant barrier to you complying with a mandate?
- ✓ **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?**

# ViDA and Northern Ireland

Impact of VAT in the Digital Age - E-Invoicing on NI

## ViDA

- > Under the Northern Ireland Protocol, Northern Ireland is required to align to EU VAT law concerning goods.

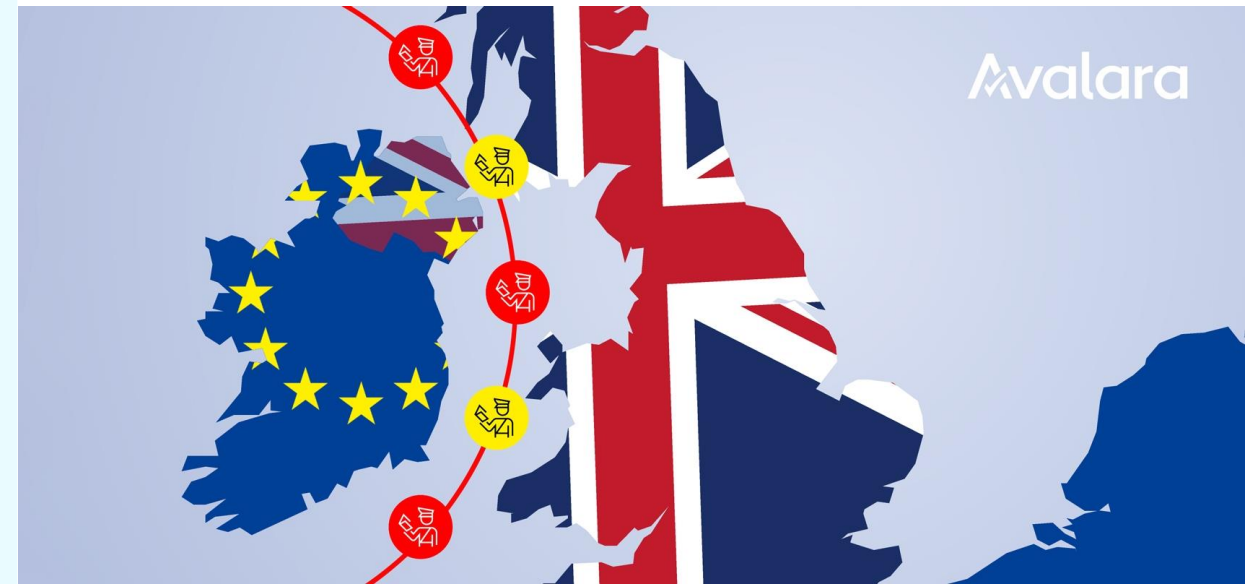


**This means that the ViDA amendments have the potential to impact Northern Ireland where they relate to goods**

- inc. mandatory digital reporting of intra-community supplies underpinned by mandatory e-invoicing
- E.g. Northern Ireland to EU member state

## > 2030 - Digital Reporting to replace EC Sales Lists

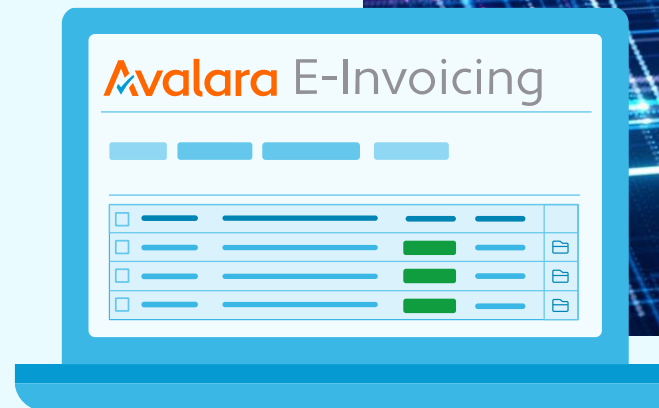
- Reporting underpinned by mandatory e-invoicing (meeting European e-invoicing standard)



# UK eInvoicing Advocacy Lab

White Paper launched

- > Avalara a founding member of the UKeLab
- > White Paper issues – setting out summary of adoption in UK, barriers and opportunities.
- > ERPs, banking and finance, service providers and representatives from businesses – both SMEs and multinationals



# E-invoicing in the United States: Tax isn't the driver

Challenges inhibiting broad adoption of e-invoicing in the U.S.

## Lack of e-invoicing drivers:



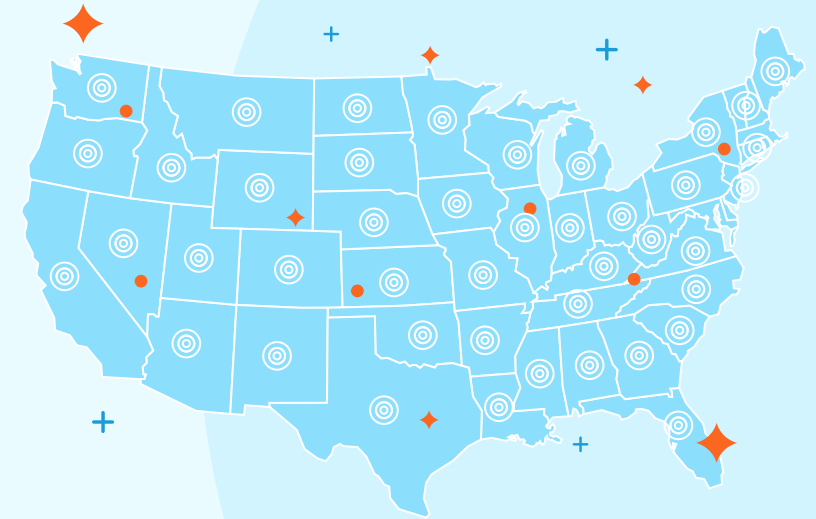
### No government authority to establish a framework or to mandate e-invoicing

- > Neither at the federal nor the state level
- > The U.S. Congress can regulate interstate and foreign commerce only → could mandate a framework for interstate transactions only, which could convince states to adopt it for intrastate sales



### No federal VAT/GST system

- > No input tax credits (unlike VAT/GST)
- > Invoices not considered different from other business documents → No formal tax invoice regulations



# Legislative situation in the United States

## Barriers to broad B2B e-invoicing deployment

### No B2B mandate at a state/federal level

- › Limited B2G e-invoicing at federal level

### “Commercial freedom” for invoice content

- › What data appears on invoices subject to sales tax
- › How these data/fields are presented to customers

### Variety of procurement/AP networks

- › Often at request of larger customer (“power of the buyer”)

### Federal agencies asked to transition to e-invoicing

- › Directive by the Office of Management and Budget
- › Led to digitalization of federal administration, but no significant influence on B2B e-invoicing (as seen with B2G mandates in Europe)



# Why adoption of e-invoicing is low in the United States

Lack of regulation leads to diverse environment that is not interoperable

## Complex and diverse environment for e-invoicing

- › Multiple formats, portals, networks
- › Legacy peer-to-peer EDI → lack of interoperability
- › 25 billion invoices issued yearly
- › 250+ providers create, send, and receive e-invoices<sup>1</sup>
  - 15+ different formats
  - 40+ different format subsets

## No harmonized machine-readable tax information; low proliferation of e-invoicing<sup>2</sup>

- › Large businesses:
  - 67% of large businesses send PDFs
  - 20% of large businesses send structured e-invoices (EDI)
  - 50%+ of invoices received by large businesses are PDF or paper (data extraction systems use)
- › SMB:
  - › Proportion of paper and PDF in billing expected even higher



**Diversity of e-invoicing options  
creates a major barrier to adoption  
for U.S. businesses**

<sup>1</sup> Business Payments Coalition: Catalog of Electronic Invoice Technical Standards in the U.S., 2017

<sup>2</sup> Billentis: The global e-invoicing and tax compliance report: Watch the tornado!, 2024



# United States: Limited standardization means less automation

Challenges inhibiting broad adoption of e-invoicing in the U.S.

## Progress:

- > There is a state-level organization to create uniformity in how states and industry transmit e-documents
- > Uniform third-party payment codes developed in partnership with NACHA, FTA, and state tax agencies (but not at invoice/transaction level)

## Headwinds:

- > The current insufficient e-invoice format standardization inhibits automation



Tax authorities and businesses completely miss benefits of business processes and tax compliance automation



“The lack of interoperability creates headaches for end users.

Often, U.S. businesses interested in electronic invoicing are required to integrate directly with their trading partner’s system or join a network to which their trading partner belongs, resulting in additional cost burdens to the business.”

**BUSINESS PAYMENT COALITION**

CATALOG OF ELECTRONIC INVOICE TECHNICAL STANDARDS IN THE U.S.



# "B2B Digital Highway" Exchange Framework

## Benefits of the B2B Digital Highway

### Interoperability among all network participants

- > A single connection to reach all companies in the network

### Standard e-invoice format (industry agnostic)

- > Used/Accepted by everyone in the network

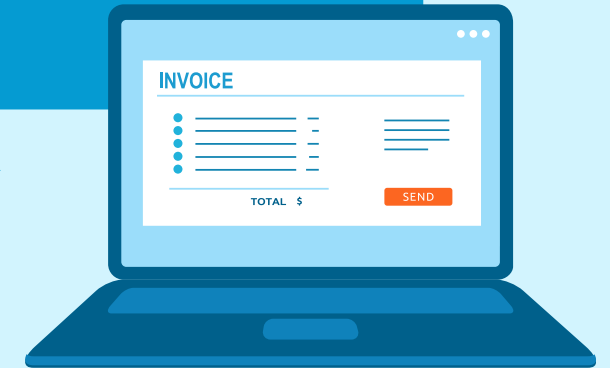
### Minimal integration effort

- > API and connectors developed by service providers/ERPs

### Eliminating limits associated with point-to-point connections

- > No fees for roaming/access between providers
- > Freedom to choose and change provider
- > Vendors and customers don't need to use the same provider
- > No need to use specific customer portals

Using the B2B Digital Highway is an affordable option for invoice exchange, especially for SME suppliers.



# "B2B Digital Highway" Exchange Framework

Exchange framework – model, data structure, and delivery mechanism

## Exchange network

- > "B2B Digital Highway"
- > "4-corner model"
- > The company selects a service provider ("access point") to issue/receive e-invoices

## Unified invoice data format

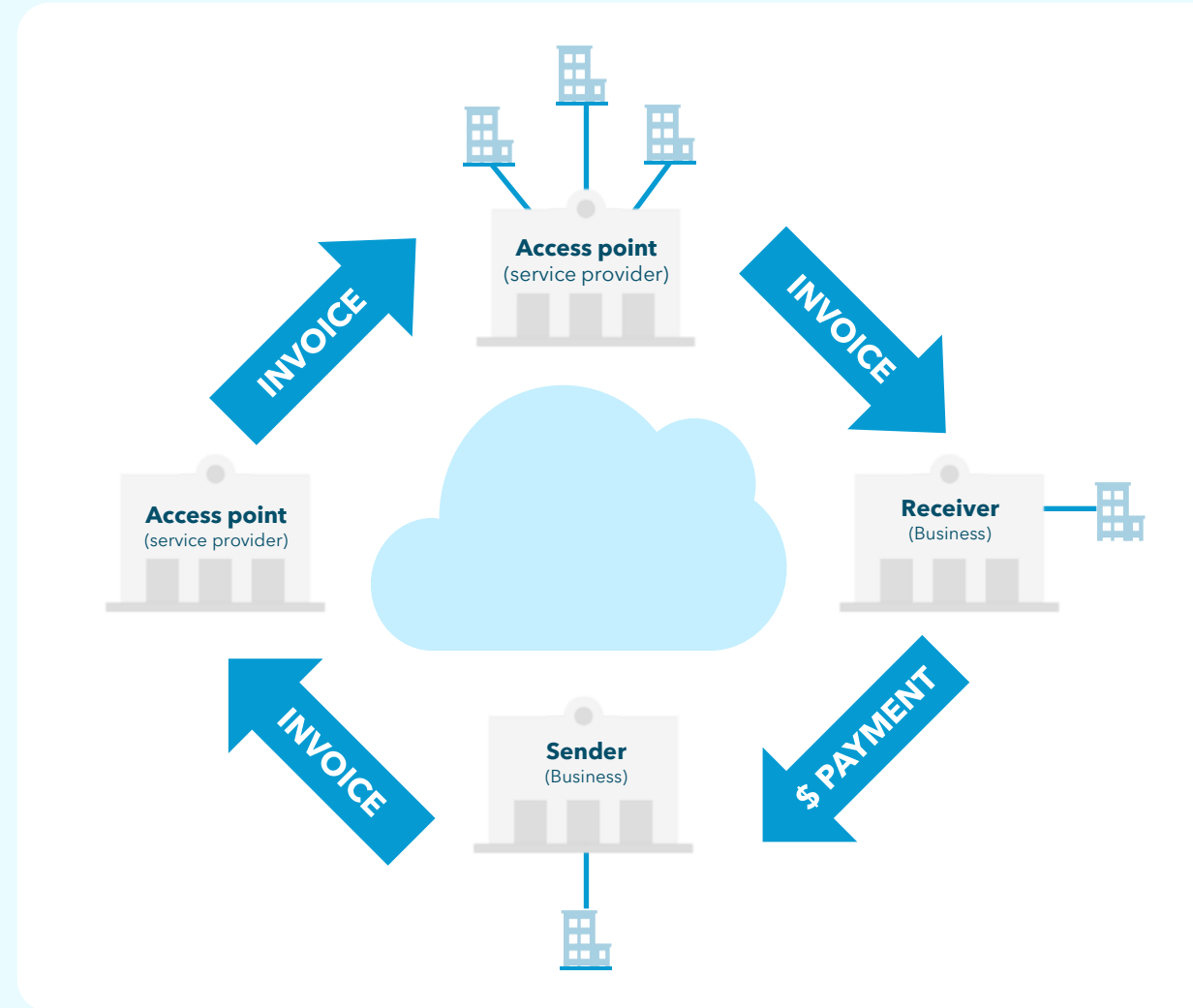
- > UBL 2.3 standard  
(Universal Business Language)

## Single e-invoice delivery channel

- > AS4 protocol (secure)

## Unique identifier

- > DBNA ID
- > Including: DUNS, EIN



# Digital Business Networks Alliance (DBNA)

What is the DBNAlliance?



## MISSION

**“Operate an electronic delivery exchange network available for use by all businesses in the United States”**

- > An independent, nonprofit company
- > Supports e-invoice exchange and faster payments across North America
- > Industry-led, no involvement of authorities
  - Board elected by members
  - Companies (50%)
- > Service providers and customers, including SAP, Microsoft, Avalara (50%)
- > Organic growth (network effect)

# Tax rules in the United States: A jungle

Complex tax system with layers of taxation at the federal, state, and local levels

**Hundreds of tax types and over 13,000 sales and use tax jurisdictions**



## **Federal level**

- › The U.S. as a single tax jurisdiction

## **State level**

- › 50 states
- › District of Columbia (often treated like a state for tax purposes)
- › U.S. territories (e.g., Puerto Rico, Guam) with their own tax rules

## **County level**

- › 3 000+ counties/ parishes/boroughs with own taxes (i.e., property taxes, sales taxes)

## **City and municipal level**

- › Thousands of cities with own taxes (i.e., local property taxes, sales taxes)

## **Special districts and tribal jurisdictions**

- › Tens of thousands of special districts – often imposing taxes within their boundaries
- › Many Native American tribes impose taxes within their tribal jurisdictions

# DBNA: Support for harmonized tax and exemption codes

Leveraging X12 standards – X12 x UBL x DBNA  
B2B Digital Highway

## DBNA SUPPORTS:

### > 104 different “tax types”

- Federal, state, county, municipal
- International (VAT, GST, HST)

### > 34 exemption codes

- Codes identifying exemption status from sales and use tax (e.g., for export, resale, exempt usage, etc.)

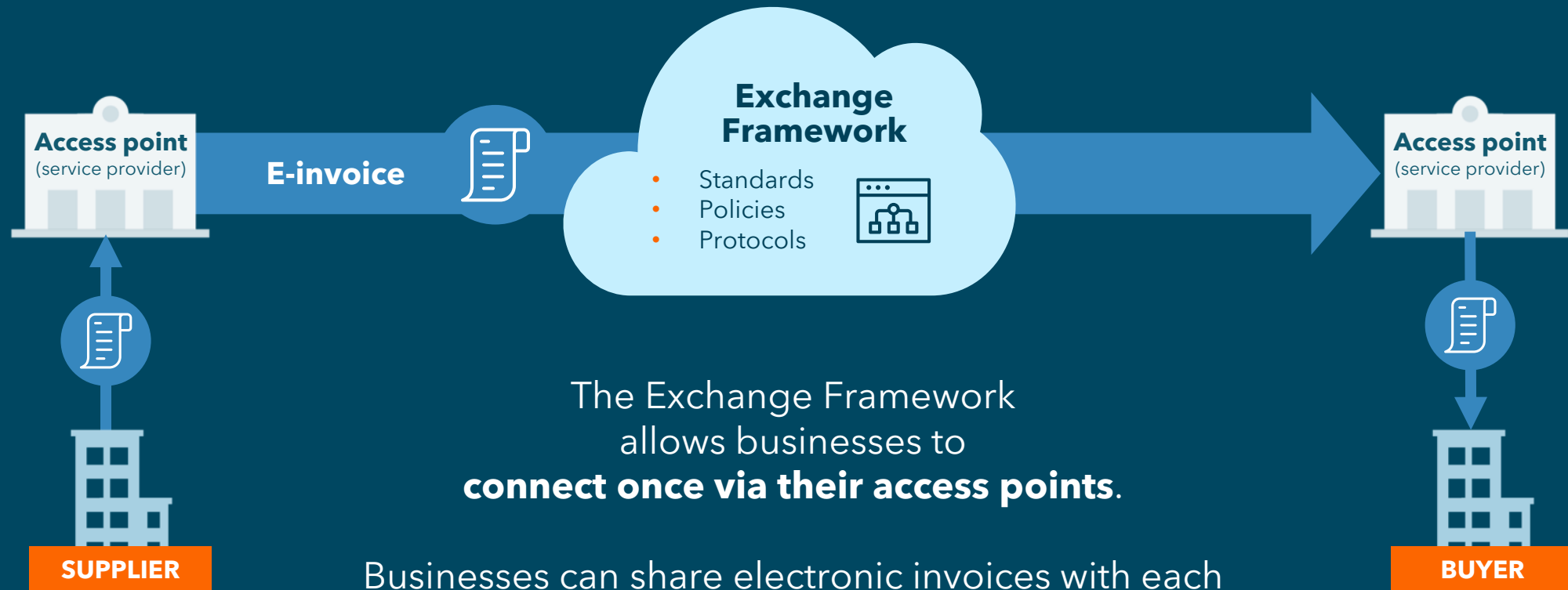
### > Tax amounts, rates, and types

- At line-item level
- Machine-readable content using agreed tax taxonomy

<b>AA</b>	Stadium Tax	<b>AX</b>	Tobacco Tax
<b>AB</b>	Surtax	<b>AY</b>	Tourism Tax
<b>AC</b>	Departure	<b>AZ</b>	Transit Tax
<b>AD</b>	Accommodation Tax	<b>BA</b>	Unemployment Tax
<b>AE</b>	Ad Valorem Tax	<b>BB</b>	Use Tax
<b>AF</b>	Alcoholic Beverage Tax	<b>BC</b>	Withholding Tax
<b>AG</b>	Coin Operated Device Tax	<b>BD</b>	Worker's Compensation Tax
<b>AH</b>	Corporate Income Tax	<b>BE</b>	Harmonized Sales Tax
<b>AI</b>	Employment Tax	<b>BP</b>	Business Privilege Tax
<b>AJ</b>	Estate Tax	<b>CA</b>	City Tax
<b>AK</b>	Fee-in-Lieu	<b>CB</b>	Threshold Tax
<b>AL</b>	Gaming Tax	<b>CG</b>	Federal Value-added Tax (GST) on Goods
<b>AM</b>	Gift Tax	<b>CI</b>	City Rental Tax
<b>AN</b>	Highway (Fuel) Use Tax	<b>CP</b>	County/Parish Sales Tax
<b>AO</b>	International Fuel Tax Agreement (IFTA) Tax	<b>CR</b>	County Rental Tax
<b>AP</b>	Individual Income Tax	<b>CS</b>	City Sales Tax
<b>AQ</b>	Inheritance Tax	<b>CT</b>	County Tax
<b>AR</b>	Motor Fuel Tax	<b>CV</b>	Federal Value-added Tax (GST) on Services
<b>AS</b>	Personal Property Tax	<b>DL</b>	Default Labor Tax
<b>AT</b>	Assessment	<b>EQ</b>	Equipment Tax
<b>AU</b>	Real Property Tax	<b>ET</b>	Energy Tax
<b>AV</b>	Severance Tax	<b>EV</b>	Environmental Tax

# DBNAlliance B2B Digital Highway

Simplifying connectivity for all parties



The Exchange Framework  
allows businesses to  
**connect once via their access points.**

Businesses can share electronic invoices with each other, regardless of the platform, system, application, or network they use for processing invoices.





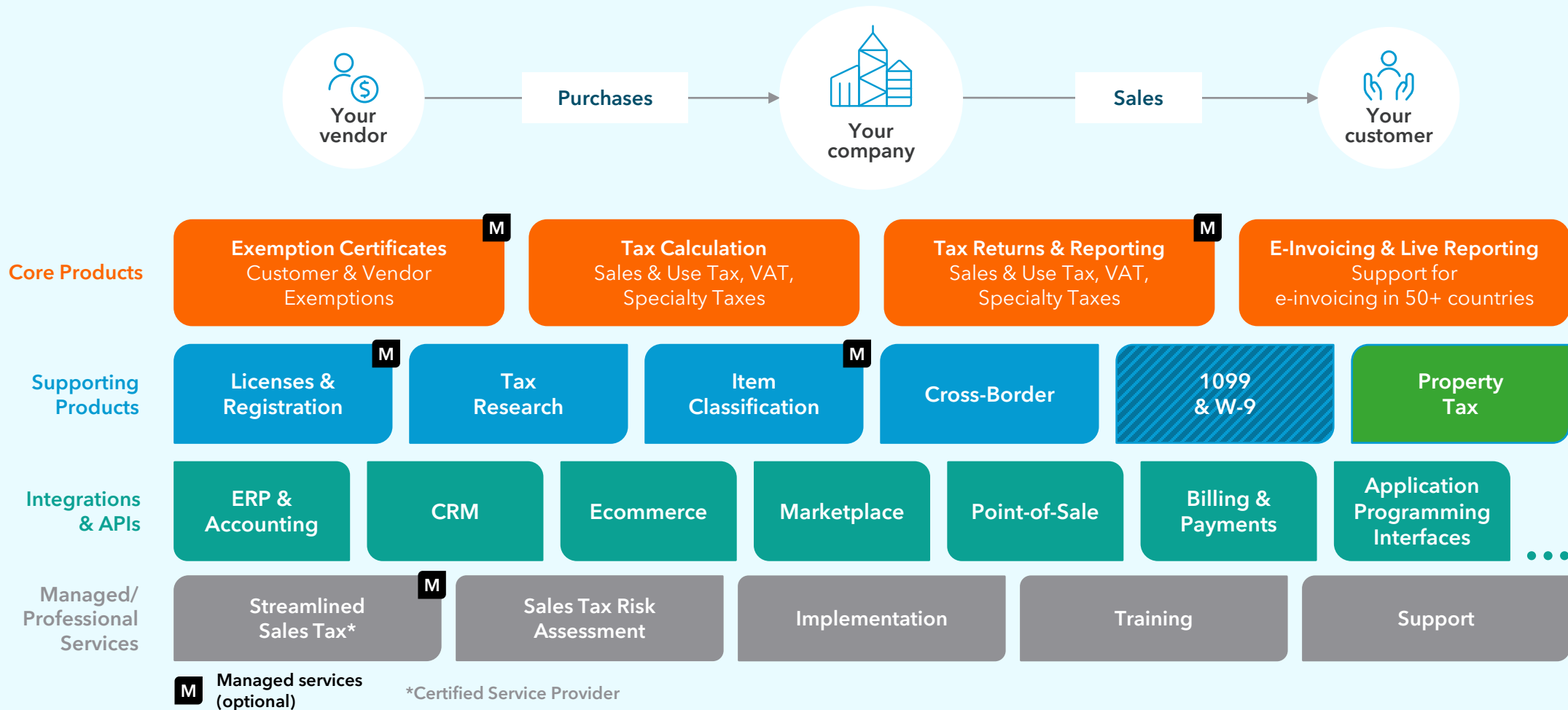
As part of our efforts to increase the use of digital tools that enhance trade, Electronic Invoicing (eInvoicing) has emerged as a transformative tool in modern business, offering efficiency gains, cost savings, and trade benefits.

The continued cooperation and efforts towards compatible eInvoicing between the United States and the European Union offer a spectrum of advantages, with the potential to significantly reshape cross-market transactions and the dynamics of transatlantic trade.

## U.S-EU JOINT STATEMENT OF THE TRADE AND TECHNOLOGY COUNCIL



# Avalara - Tax compliance done right



# Questions?

GET IN TOUCH...



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Director, Enterprise Solutions-Tax Technology  
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# Upcoming webinars

[avalara.com/webinars](https://avalara.com/webinars)

## Webinars Calendar

- **5/6** Trade and Tariff Tuesdays
- **5/8** Protect your business: Business license and property tax risks and opportunities
- **5/13** Trade and Tariff Tuesdays
- **5/14** Know your nexus: Avoid costly tax traps and stay ahead of compliance risks
- **5/29** Are you on the hook for communications taxes? Simplify compliance to scale your business





## SOLUTION HIGHLIGHT

# AvaTax for Accounts Payable

Simplify consumer use tax compliance with Avalara



### SPOT & CORRECT VENDOR ERRORS

Identify and correct overcharged and undercharged sales tax on your business purchases



### CACULATE & REPORT CONSUMER USE TAX

For tax exempt purchases that later trigger use tax rules, we'll help you calculate and report your liability

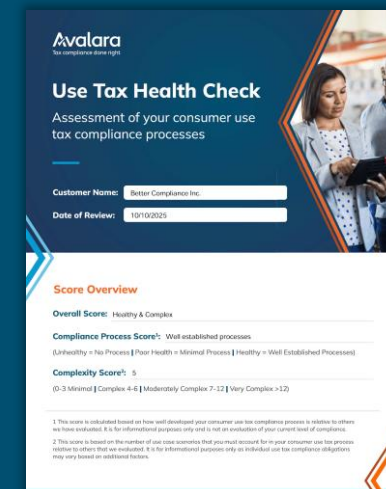


### CENTRALIZE USE TAX MANAGEMENT

Review purchase transactions, automate allocations, and define review thresholds in one sales and use tax portal

## Free Use Tax Health Check!

Get up to 60 minutes with an Avalara expert to assess your use tax compliance processes. You'll leave with a use tax health scorecard + ideas to improve your compliance strategy. Additional eligibility criteria apply.\*



\* Offer valid through December 31, 2025. Only available to existing Avalara customers. Limited to up to 1 hour of assessment per company. Assessment is not tax advice and is for informational purposes only.

The logo features the word "Avalara" in a white, sans-serif font. The letter "A" is stylized with a white checkmark integrated into its left side. The background is a solid orange color with a pattern of overlapping, semi-transparent triangles in various shades of orange.

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Tax compliance done right





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