Agenda

Welcome Speech

About OpenPeppol

Peppol CTC

Q&A

Speakers

Steve Graham
Market Development Lead, OpenPeppol

Steve is a member of the OpenPeppol Operating Office, having previously represented the Department of Health for England on the OpenPeppol Managing Committee.
At the Department of Health, he set up and led the award-winning *Scan4Safety* initiative, which mandated the adoption of GS1 and Peppol standards across the NHS and its supplier base.
In addition to extensive civil service and healthcare experience, Steve has significant private sector experience, with roles in manufacturing; Commercial Director for a subsidiary of a European pharmaceutical wholesaler; and Business Director for a supply chain finance solution provider.

Tuğçe Özgün
Senior Account Manager, SNI

Tuğçe is a Senior Account Manager in a software&technology industry with 6 years of experience in tax compliance and regulatory reporting applications on both SAP and non-SAP environments with a project management background.
She has been involved in many e-transformation projects for multinational clients implemented in Turkey, Spain, Italy, Hungary, etc.
She is an expert in solutions such as e-invoicing, e-invoice reporting, and SAF-T (standard audit file for tax).
Mainly responsible for various partnership management, key account management, customer relationship management, sales activities of e-Compliance regulations around Europe & Turkey.

About Peppol

About Peppol and OpenPeppol

Peppol is what we do

We integrate business processes by standardising the way information is structured and exchanged. **Peppol** is the name of the Network and Business Interoperability Specifications that we provide, as part of the comprehensive Peppol Interoperability Framework, which includes legal agreements, governance and compliance measures

OpenPeppol is who we are

OpenPeppol was established in 2012 following a large-scale pilot co-funded by the European Commission and a consortium of 18 government entities to enable eInvoicing and cross-border public procurement. We are a not-for-profit, democratic, member-led international association, consisting of 464 public and private sector members from 39 countries (as at April 2021).

Peppol stakeholders

End Users

- also sometimes called Peppol *participants*, they are
- buyers and sellers that send and receive business documents
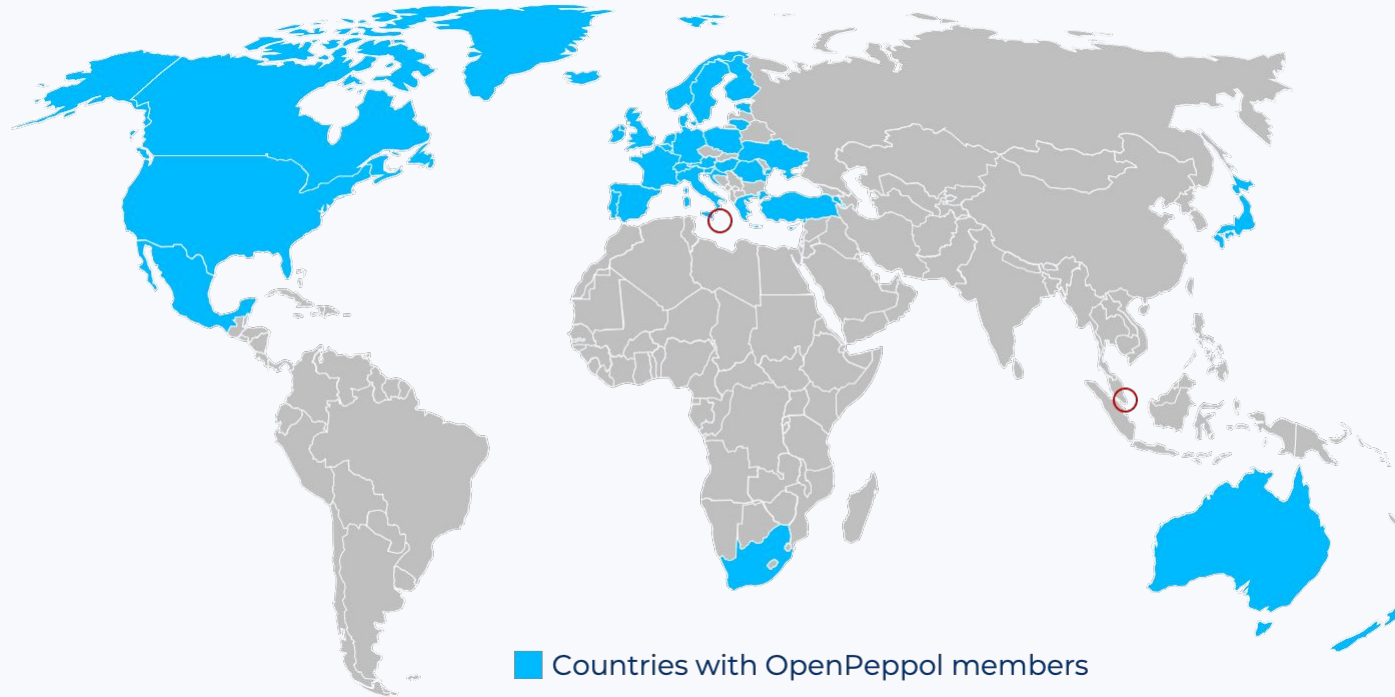- End Users can be members of OpenPeppol, but are not required to be

Service Providers

- also sometimes called Peppol *Access Points or SMP providers*
- they enable business process interoperability between End Users over the Peppol Network and through use of Peppol Business Interoperability Specifications (Peppol BIS)
- Service Providers are required to be members of OpenPeppol
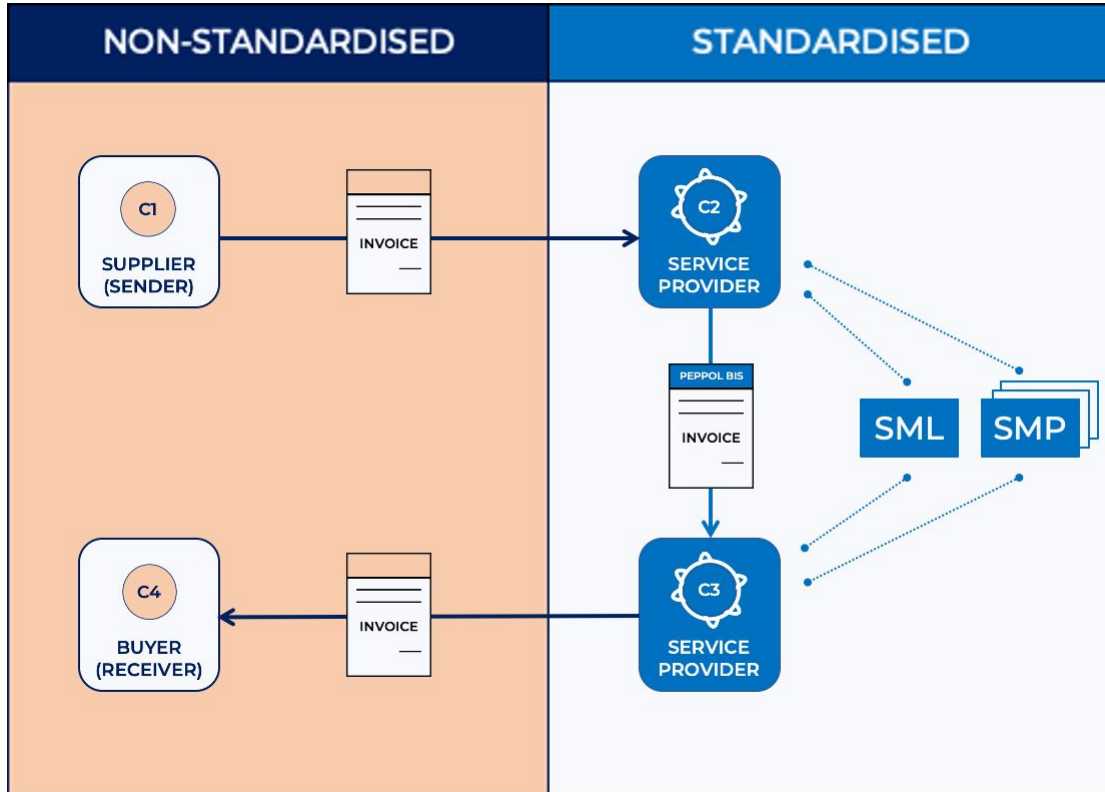
Peppol Authorities

- drive the adoption of Peppol in a jurisdiction
- they are currently all government departments or agencies
- Peppol Authorities are required to be members of OpenPeppol

39 countries with OpenPeppol members

Peppol

Countries with OpenPeppol members

Armenia
Australia
Austria
Belgium
Canada
Croatia
Cyprus
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Japan
Lichtenstein
Lithuania

Luxembourg
Malta
Mexico
Netherlands
New Zealand
Norway
Poland
Portugal
Romania
Singapore
Slovenia
South Africa
Spain
Sweden
Switzerland
Turkey
UK
Ukraine
USA

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Peppol Network (four-corner model)

Providing interoperability utilising Peppol BIS and the Peppol Network for the addressing and secure exchange of business documents, Peppol provides a ready-to-use, scalable, both domestic and cross border, four-corner model, utilising a market of private sector service providers that are connected to sending and receiving organisations.

Key to the model is a central address registry providing dynamic discovery of participants (SML), supported by centralised or distributed local capability look-up services (SMP)

C2 connects to the SML to look up the address of the SMP used by C1, and then connects to the SMP used by C1 to look up the capabilities of the receiver

Peppol documents (based on ISO/IEC 19845 Universal Business Language)

Peppol documents in production

Procurement, pre-award
- procurement procedure subscription
- procurement document access
- tender submission
- ESPD request and response
- pre-award catalogue

Procurement, post-award
- invoice and invoice response
- credit note
- order and order response
- order agreement
- despatch advice
- message-level response
- catalogue only, with response
- catalogue only, without response
- punch out

Peppol CTC

Peppol CTC - context

Continuous Transaction Controls (CTC), is a generic term to describe the digital control mechanisms used by tax administrations to improve indirect tax management by collecting transactional invoice data in real, or near-real time, so that tax receipts can be matched to business activity.

Governments increasingly see digitalisation as an effective mechanism to:

- increase efficiency for tax administrations and businesses in the collection of indirect taxes such as VAT;
- combat the loss of indirect tax revenues due to maladministration, fraud and evasion by businesses.

Benefits

eInvoicing provides the **foundation** for Tax Administrations to implement **Continuous Transaction Controls** (CTC), whereby:

- invoice data relating to VAT, General Sales Tax or Consumption Tax can collected electronically at a transactional level by Tax Administrations

- invoice data enables Tax Administrations to reduce the loss of tax revenues due to fraud and maladministration through CTC

The EU reported the VAT tax gap across its member states to amount to:

- €140bn in 2018, equating to 11% of expected VAT revenues, or **1% of GDP**

https://ec.europa.eu/taxation_customs/sites/taxation/files/vat-gap-factsheet-2020_en.pdf

What are Continuous Transaction Controls (CTC)?

According to the International Chamber of Commerce Practice Principles for Implementation of Continuous Transaction Controls (CTCs):

- CTCs enable law enforcement agencies such as tax administrations, to collect data associated with business activities that are relevant to the exercise of their function. Such data is obtained directly from business transaction processing and/or data management systems, in real-time or near-real-time.

- CTCs address the inefficiencies that have always characterised the use of retroactive audit, where auditors can only obtain visibility of a transaction long after its conclusion and exclusively rely on data stored by the entities whose activities they seek to audit.

- CTCs remove this dependency on a 'static' approach based on the evaluation of historical evidence ledgers by a taxpayer by making it possible for a tax administration to gather relevant business information in the form of a dynamic business transaction ledger comprising authenticated transaction source data.
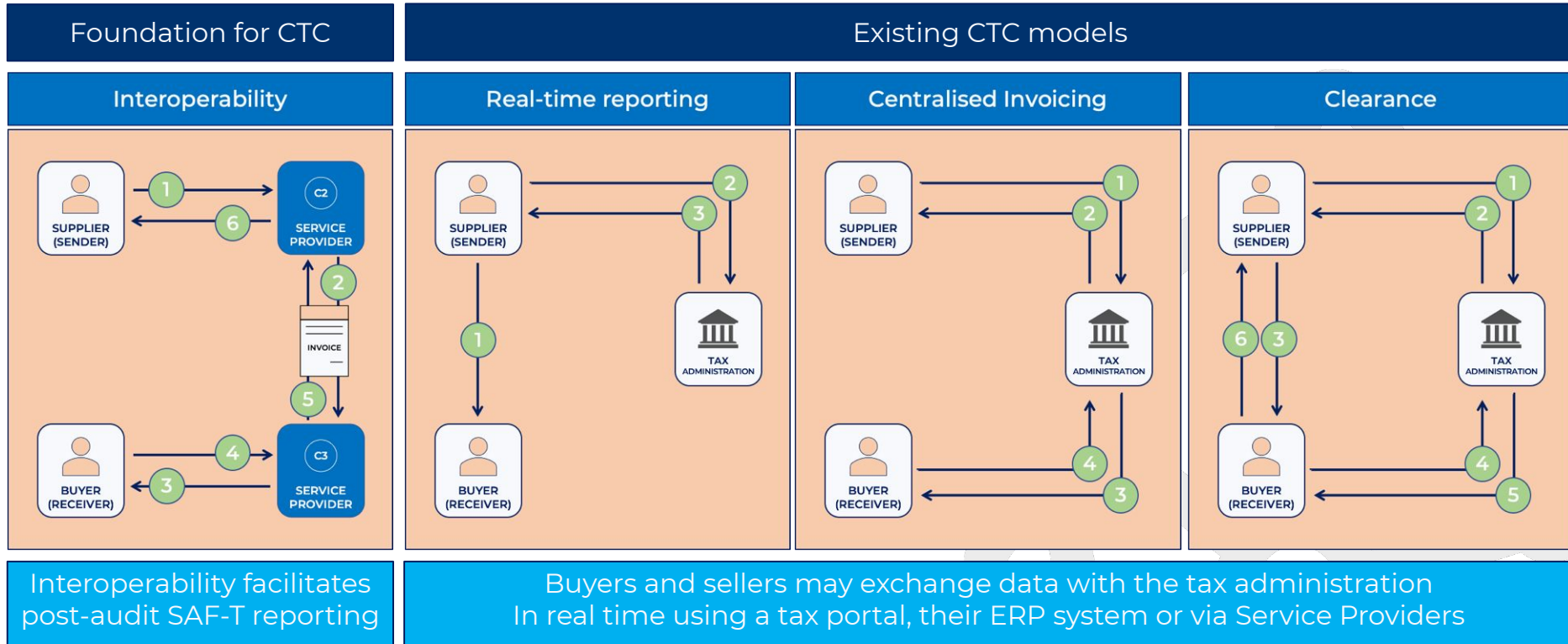
Peppol CTC project

The Peppol CTC project covers the following high-level steps:

- incorporate CTC practice principles from International Chamber of Commerce
- understand the business requirements of tax administrations
- review existing CTC models and implementations
- develop an architecture to meet the needs of tax administrations and businesses
- implement the selected architecture through a Proof-of-Concept test
- develop a business plan for Peppol CTC to enter into production
- implement Peppol CTC in a production environment

Overview of the primary CTC models in use

Peppol

Foundation for CTC	Existing CTC models		
Interoperability	**Real-time reporting**	**Centralised Invoicing**	**Clearance**

Interoperability facilitates post-audit SAF-T reporting

Buyers and sellers may exchange data with the tax administration
In real time using a tax portal, their ERP system or via Service Providers

Peppol analysis of CTC models and target CTC model

Key requirements (From ICC principles, tax administrations and best practice)	Inter operability	Real time reporting	Centralised invoicing	Clearance (centralised or delegated)	Target Peppol CTC model
Improved tool(s) to prevent and combat tax evasion	possible	✓	✓	✓	✓
Proportionality between tax controls and business processes	✗	possible	✗	✗	✓
Tax data provided in real-time, only once	✗	✓	✓	✓	✓
No singe point of failure	✓	✗	✗	✓ delegated ✗ centralised	✓
Data security, protection, collection proportionality	✓	✓	✗	✗	✓
Incremental deployment, based on long-term holistic and scalable infrastructure	✓	✗	✗	✗	✓
Based on international, familiar or otherwise reusable standards, technologies or principles	✓	✗	✗	✗	✓
Harmonised and interoperable between different systems and jurisdictions	✓	✗	✗	✗	✓
Balance between trade impact, non-discrimination and sovereignty needs	possible	possible	possible	possible	✓
Balanced implementation costs and timelines	possible	possible	possible	possible	✓
Embedded in and aligned with broader digitalisation strategy	✓	possible	possible	possible	✓

Peppol CTC – a solution for businesses and tax authorities
(*delegated reporting and/or clearance with regulated distribution*)
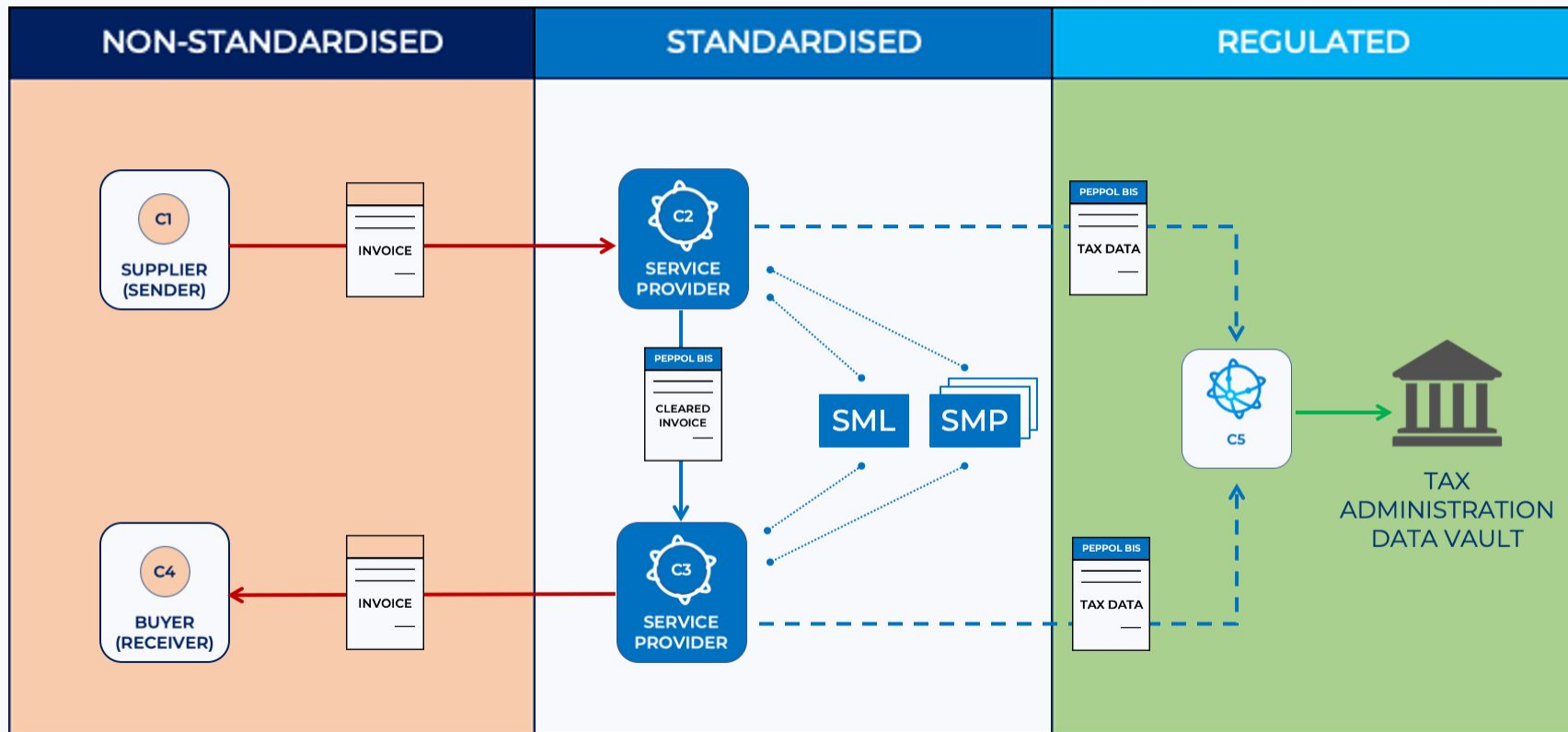
Peppol CTC – Proof of Concept (PoC)

PoC deliverables

Create a simulation environment to:

- simulate the complete document flow between the difference corners

Create a test orchestration system to onboard Service Providers to the simulation environment providing:

- a User Interface for Service Provider onboarding to the PoC
- a User Interface and Service for test execution and result reporting

Complete document exchange flows between multiple participants in the simulation environment

Peppol CTC – Proof of Concept (PoC)

PoC workstreams   Status

1) Create infrastructure   Complete

2) Create simulation environment
   - develop Tax Data Document and flowsOngoing
   - integrate with infrastructure systems   Complete
   - implementation testing   Ongoing

3) Create test orchestration system
   - develop test system front end   Complete
   - integration testing   Ongoing

4) Service Provider onboarding
   - Create Service Provider CTC PoC User Guide   Ongoing

Target completion of the PoC End of June 2021

# CTC PoC – simulation environment

- This simulates the complete CTC flow between the different corners

  - C1   ☐ Sender of the Business Document
  - C2   ☐ Peppol Access Point used by the Sender of the Business Document
  - C3   ☐ Peppol Access Point used by the Receiver of the Business Document
  - C4   ☐ Receiver of the Business Document
  - C5   ☐ Peppol Access Point used by the Tax Authority
  - C6   ☐ The Tax Authority

- The model envisages Cross-Border flows between buyers and sellers operating in multiple jurisdictions. This will be simulated in a second stage of the PoC

CTC PoC – abbreviations

Abbreviation	Description
CTC	Continuous Transaction Controls
Cx	Corner x
BD	Business Document (Invoice or Credit Note)
DC	'Document Cleared' Message
DR	'Document Reported' Message
DCR	'Document Cleared Response' Message
DRR	'Document Reported Response' Message
PoC	Proof of Concept
TDD	Tax Data Document: DC, DCR, DR, DRR - either full BD or subset

Simulation Environment – domestic flows
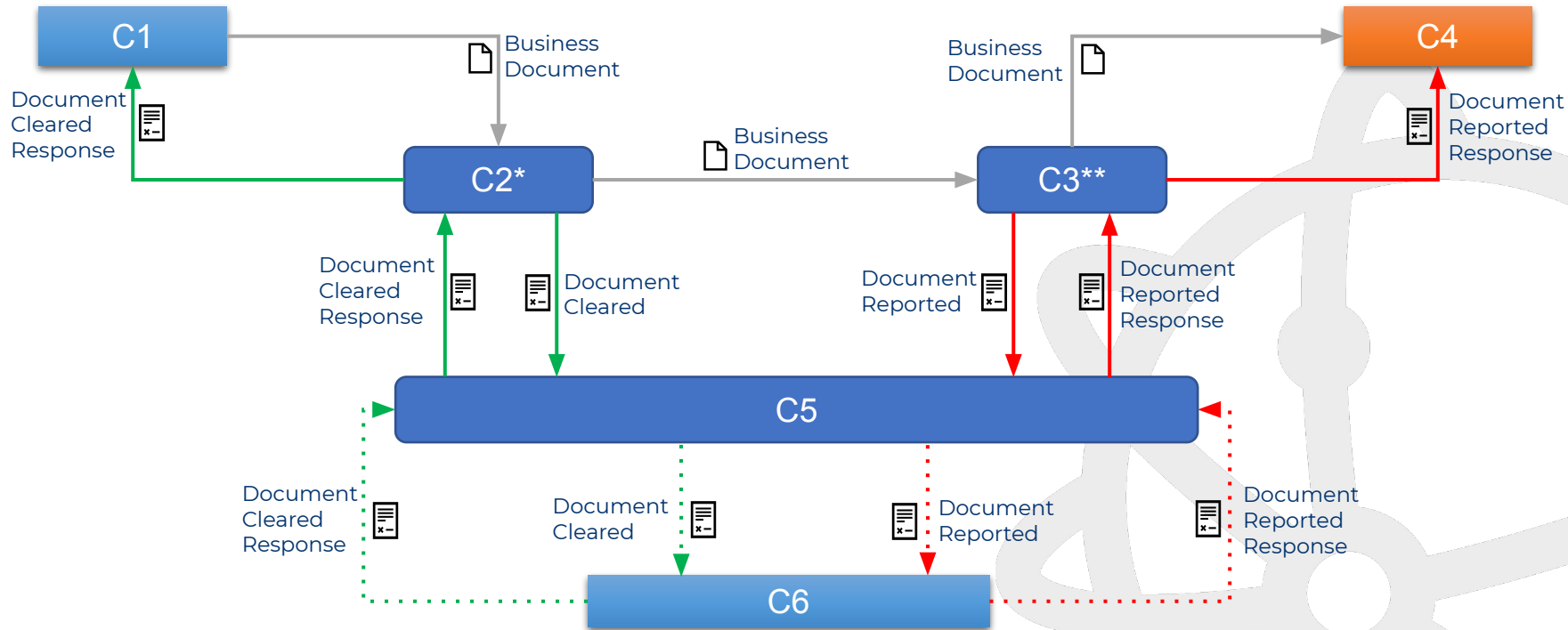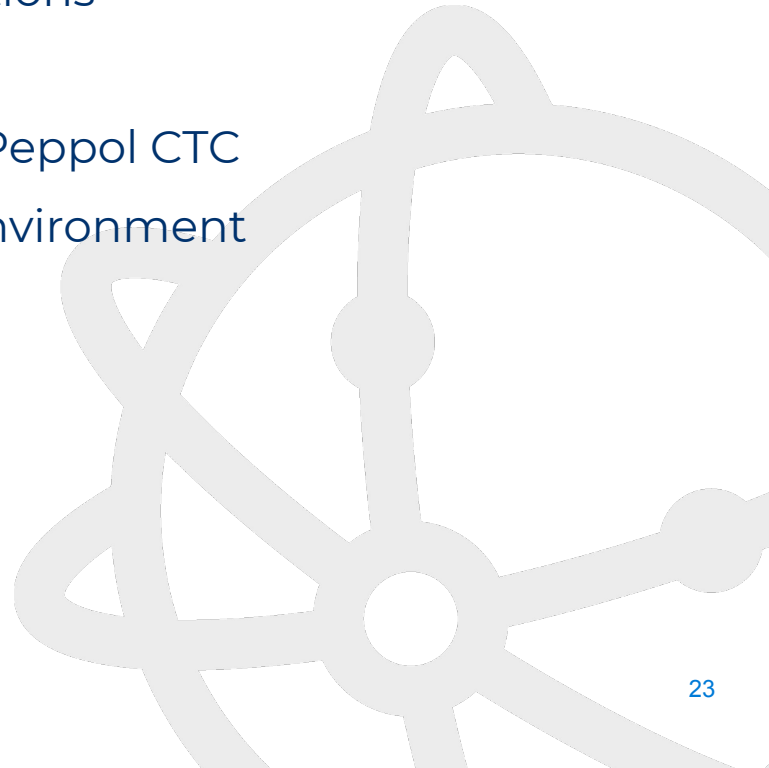
*   Validations include fatal errors
**   Less extensive validations - excludes fatal errors, but deviations are
reported

Next steps

- Further engagement with tax administrations

- Complete PoC

- Develop the business model to establish Peppol CTC

- Implement Peppol CTC in a production environment

Thank you

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