Bringing Value to Tax Compliance with Automation and Support Services

Most multi-national corporations strive to consolidate processes and supporting IT systems. Paper-based systems and processes are always a red flag. Automated invoicing initiatives, for example, can generate processing cost reductions of up to 90%. Many corporations increasingly seek to dematerialize their diverse invoice flows by taking advantage of modern cloud-based business networks for procure-to-pay and order-to-cash solutions. Electronic invoicing is often a key enabler for unlocking the larger benefits of such end-to-end business process automation.

However, such automation must consider the trend among tax administrations to regulate – and increasingly continuously monitor – business transactions for VAT enforcement using electronic methods. This white paper explains why and how governments are taking such steps towards increased control over invoicing processes and provides a framework for business strategies towards ensuring that such government controls do not clash with digital transformation objectives that are critical for every company's future competitiveness.

Electronic invoicing

Definition
Electronic invoicing is the sending, receipt and storage of invoices in electronic format without the use of paper invoices for tax compliance or evidence purposes. Scanning incoming paper invoices, or exchanging electronic invoice messages in parallel to paper-based originals is not electronic invoicing from a legal perspective.

E-Invoicing is mandatory in numerous countries. The exchange of E-Invoices improves the transparency and efficiency of tax collection and control. Every country has its own specifications in terms of formats, required fields and platforms by which e-invoices must be sent. With no consensus on one invoice format or how to transmit them, businesses can feel overwhelmed and confused.

For some, their solution is just to do nothing and hope for the best. But with a growing number of governments adopting e-invoicing, businesses must send e-invoices if they want to get paid.

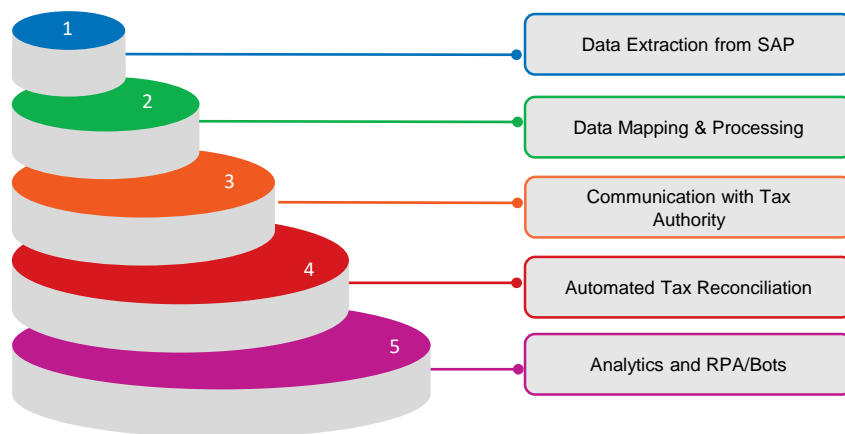# Indian Government has announced to New E-Invoicing Regime

From 1 January 2020, taxpayers in India can start to use the new e-invoicing framework, which relies on connectivity to the GST system for reporting of all B2B invoice data. The first part of the roll-out starting from this date will be voluntary for businesses. It will only become mandatory at a later stage, the timing of which is still to be communicated by the relevant authorities.

The new e-invoicing system, considered to be not only a tax reform but also a business reform, has two key aims:
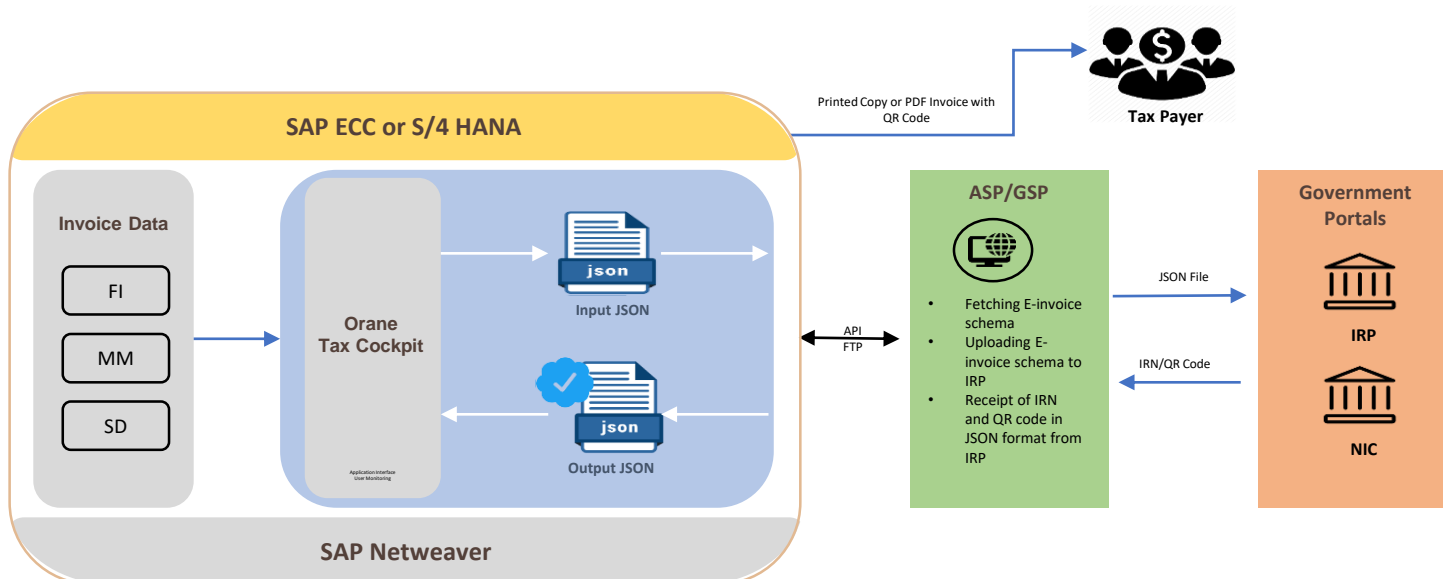
- To ease the process and format of standard reporting between taxpayers and the authorities.
- To prevent tax evasion by monitoring all B2B invoices and taxes involved within the transactions.

Under the e-invoicing system, taxpayers will be obliged to create the e-invoice in the structured JSON format and transmit it to the Invoice Registration Portal (IRP). The IRP will then check the e-invoice according to the requirements of the schema and determine if a duplicate record is already registered on the GST system.

It is important that your current ERP system (Like SAP) accordingly allows you to seamlessly generates, submits and files E-Invoices into government portal without additional or manual data entry. The generated E-Invoice follows standard that is also machine readable and will have uniform interpretation across various stakeholders and the whole business ecosystem. This is a statutory requirement for all business processes to be compliant as per stipulated regulation from the Government.

1	Data Extraction from SAP
2	Data Mapping & Processing
3	Communication with Tax Authority
4	Automated Tax Reconciliation
5	Analytics and RPA/Bots

Architecture

SAP E-Invoicing Benefits

✅ **Lower Costs & Faster ROI**
The conversion to E-Invoicing can reduce 60 to 80% of your processing costs vs manual processing.

✅ **More efficient processes & higher compliance**
Make your invoices more efficient and transparent, helping you better meet regulatory requirements.

✅ **Secure Exchange**
Secure exchange of all invoices through encrypted transmission methods.

✅ **Better Cash Flow**
Immediate delivery of invoices shortens the time to payment, improving your cash flow.

✅ **Complete transparency & fast invoicing**
Automated processing of incoming invoices with workflow-based approval processes ensures complete transparency and faster invoicing.

✅ **Future-Proof**
Orane E-Invoicing supports all relevant E-Invoicing formats – today and in the

Overcome Manual Invoice Challenges

Paper invoice issues for Buyers
While every Accounts Payable (AP) department operates differently, in general there are five phases — each of which is very resource and paper intensive, as shown in the following table.

Phase	Activities	Description
Invoice capture	• Creation of invoice by supplier • Delivery of invoice to buyer • Sorting and routing of the invoice to AP department • Entry of invoice into AP system	Suppliers typically generate and print invoices from their Accounts Receivable (AR) system and then mail them to the buyers for payment. Once received in the buyer's mailroom, invoices are sorted and routed to the AP department where administrators manually key them into the AP system.
Quality assurance	• Verify and augment supplier data • Validate math on invoice • Match invoice to order, receipt and contract • Assign to cost centres • Ensure correct tax treatment	An AP administrator reviews each invoice to ensure data accuracy and completeness. For example, invoices are reviewed for errors such as incorrect account number or missing purchase order number. Then, the AP administrator validates the invoices to confirm that the amount being billed matches the amount ordered and the amount of goods received, and that the price billed corresponds to the contracted price. Finally, the administrator assigns the appropriate cost center to ensure the appropriate tax treatment.
Routing and circulation	• Determine approval authority • Circulate invoice for approval • Resolve disputes with supplier • Monitor status of approval	Invoices often need to be approved by one or more company personnel prior to payment. The AP administrator routes invoices to the appropriate approver(s). The administrator monitors the process, following up with required approval personnel when there are delays. In the event of an invoice dispute, the AP administrator contacts the supplier to resolve.
Reporting and filing	• Record expense in General Ledger • Store and archive for tax audit purposes • Respond to supplier status inquiries	The AP administrator records the expenses in the General Ledger. The invoice is then filed or transported to archives for storage. In the event of a subsequent supplier dispute or audit, the invoices must be retrieved.
Payment	• Aggregate payments due to Supplier • Release payment • Send instructions to bank • Distribute remittance advice to Supplier	Upon invoice approval, the payment is processed by the AP system and payment is made via paper check or Automated Clearing House.

Paper invoice issues for Suppliers
As with buyers, supplier paper invoices requires time-intensive, error-prone, manual processing and this is very resource and paper intensive, as shown in the following table.

Phase	Activities	Description
Invoice creation and distribution	• Generate the invoice • Print the invoice • Fold the invoice and place it into an envelope • Stamp the invoice and place into the mail	Suppliers typically generate the invoice from their sales order system. They then print the invoices and mail them to the Buyers for payment. Suppliers have no control over whether or not the customer has received the invoice.
Status follow-up and issue resolution	• Contact buyer to confirm receipt • Deal with rejections or re-send requests and repeat the process • Resolve disputes with buyer • Inquire about approval status and payment date	Suppliers have no visibility into the processing status of the invoices they mailed. Customers may reject invoices long after the supplier has submitted it if required data is missing. This often prompts calls and emails to confirm invoice receipt, request payment status, and resolve any disputes
Payment and reconciliation	• Receive check and reconcile with invoice • Contact buyer to resolve under/overpayment/late payment issues • Contact buyer with questions on reconciling invoice(s) to payment	Data reconciliation is a difficult, manual process. The lack of visibility into invoice processing makes cash management a reactive process. Late payments and variable days sales outstanding (DSO) impact working capital and borrowing.
Reporting and filing	• Store and archive for tax audit purposes	The invoice is then filed or transported to archives for storage. In the event of a subsequent dispute or audit, the archive must be manually searched for retrieval of the pertinent invoice.

For both buyers and suppliers, electronic invoicing process automation delivers important benefits:

Low error rate
In retail, up to 40 per cent of paper-based invoices contain data errors related to price or trade promotions. Errors require research with the buyer and negotiation with the supplier to resolve. E-Invoicing eliminates errors by ensuring that the data is correct at the point of origin and unchanged as it populates other business systems.

Improved process
Invoice data can be easily matched to purchase order and goods received data highlighting any mismatch or payment tolerance issues. Business rules can easily scan for duplicates or fraudulent invoices, which can be checked and approved within the business.

Reduced supplier calls and disputes
By ensuring the data quality of your invoice, e-Invoicing means that suppliers no longer need to spend a significant amount of time chasing payment status or payment errors. The buyer's AP department doesn't need to devote so much time to fielding supplier calls.

Increased staff productivity
Time-consuming paper processes prevent accounting personnel from more strategic activities, such as identifying opportunities to reduce spend or performing invoice audits that enable procurement organizations to identify billing errors, maverick purchases, and off-contract buying.

Improved visibility
By processing invoices electronically, all commitments become visible to Finance almost as soon as the invoice is received, improving forecast accuracy.

Early payment discount opportunities for buyers
Companies will often negotiate various discounts in return for early payment. Prioratised invoices can be approved and settled quickly ensuring buyers take advantage of any contractual discounts or supply chain

Get paid faster
The e-invoice can be at the customer pronto. Also, it demands less effort and time effort to pay an electronic invoice. Because of that, the customer will most likely pay faster.

Reduced days sales outstanding (DSO) for suppliers
Today, cashflow is king and suppliers are burdened with buyers extending their days payables outstanding (DPO), which in turns extends their days sales outstanding (DSO). e-Invoicing speeds payment eliminating late-payment fees for buyers and reduces DSO for suppliers.

Eliminates tax evasion:
E-Invoices lead to a better tax administration system by eliminating fake-invoices

By integrating your e-Invoicing system with existing business systems, you can send, receive and route invoice data to the relevant people automatically. This may require higher levels of encryption and security to ensure the integrity and authenticity of your electronic invoice depending on your organization's internal policies.

What We Can Do:

e-Way Bill Automation

- A single comprehensive solution for pan-India control over E-Way Bill operation.

- Automatically identifies invoices that need an E-Way Bill and auto-captures all details required for generating the E-Way Bill. E-Way Bill can be generated along with E-invoice.

- Workflow for key transactions like multiple EWB against one invoice.

- Robust access control mechanism; BU/SBU-wise configuration.

- Taxpayers / transporters need not visit or wait at any check posts for the generation of E-Way bill. Auto-update the E-Way Bill number with invoice in SAP system.

Tax Reconciliation

- Advance GST reconciliation utility provides GST reconciliation report within minutes, developed such that it can match:

    - Near-matching invoice numbers
    - GSTINs
    - Amount and other inconsistent details

- Fully intelligent to auto-identify, match entries and assures 100% GST ITC claimed.

- Bulk mis-match handling for Large Enterprises having large number of inward invoices.

- Able to provide deep reporting and insights for Business users.

- A seamless integration to bring the invoice for reconciliation and real-time automatic application of pre-defined rules.

- Easy generation of reports such as generation of R1, R2 and 3B Reports.

Document Management System

- Single source of information for transactional documents in SAP.

- SAP Authorization control and approval workflow.

- Automatic archiving of documents, including different document types in different formats.

- Fast retrieval of process-related documents.

- Mobile access and access from multiple locations.

- History management/ document version control.

- Automatic notification of changes to documents.

- Joint editing and sharing of documents.

Tax Dashboard and Chatbot

- Single source of information for transactional documents in SAP.

- SAP Authorization control and approval workflow.

- Automatic archiving of documents, including different document types in different formats.

- Fast retrieval of process-related documents.

- Mobile access and access from multiple locations.

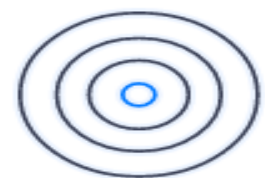- History management/ document version control.

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Reliability

Simplicity

Smartness

Support

MANAGEMENT COMPETENCIES
Competencies specific to Line, Middle and Senior / Strategic management.

OPERATIONAL COMPETENCIES
Task-related and Tax-specific competencies.

PROFESSIONAL COMPETENCIES
Generic set of competencies required of people performing in a professional context.

TAX CORE VALUES
High-level competencies, values and mindset required of people working in Taxation.

About ORANE:

Established in 2009, Orane Consulting Pvt. Ltd is an IT Consulting Company. We are a team of 110+ dedicated professionals who are committed to meet and exceed customer expectations. Our unique technology capabilities coupled with domain understanding has enabled us to provide excellent value-driven solutions to customers across verticals. We're authentic in our actions and approach, we have a passion for innovation, and we know that smart insights lead to better outcomes... making way for you to achieve unstoppable business intelligence. We partner with our customers to break down the barriers preventing insight-driven decision-making by transforming their data and analytics into a conduit for growth and innovation.

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