

OPTIONS FOR MANDATORY E-INVOICING ADOPTION BY BUSINESS

I am a bookkeeper and BAS Agent in regional Australia and therefore service Primary Producer clients as well as small business owners, including cafes, retail shops, etc. The demographic of my clients includes business owners of various ages and experience in running business; some are older and have been in business for many years, while other clients are younger and keener to adopt new technology.

I wish to submit a response to the "Options for mandatory e-Invoicing adoption by Business" Consultation Paper on behalf of myself and my clients. While the idea of e-Invoicing may revolutionise how businesses send and receive invoices, I can see a few concerns, many of which have been discussed in the paper. I will attempt to answer the Consultation Questions to the best of my ability:

Q1 What are the barriers to businesses adopting Peppol e-Invoicing?

Speaking for my clients in regional Australia, current business processes include receiving and checking of every invoice (quite often by printing and comparing to orders) to ensure accuracy of charges, etc. Business owners receiving invoices via e-Invoicing will have concerns that this will become a slower and more complicated process, involving delays in having invoices amended. Some of my clients do not even access their accounting software themselves, relying on me to do this on their behalf. For the clients that I only see periodically, if they were to receive their invoices via e-Invoice only, they would not see these invoices except when I accessed their software for them. This would cause significant delays in paying these invoices, causing them to be outside of payment terms at times.

There are also issues with trusting the process; small business owners with poor internet access may not trust that their invoices have been sent or received. I have some clients, and know of other business owners, who use current technology only minimally, or not at all. These business owners will be very reluctant to adopt this new system, due to being content with the *status quo* and fear of extra, unnecessary (to them), costs.

Some small business owners have a natural distrust of Government intervention and/or control and will see the ATO's involvement with this process as further Government control and will resist adoption purely on this score.

Q2 What would be the costs and benefits of mandating Peppol e-Invoicing?

I have no knowledge of any extra costs associated if e-Invoicing is built into current accounting software. There are business owners that do not use accounting software; they will be required to purchase software and, very likely, engage an expert to use it for them, as they will not have the skills to do this initially.

One of the few benefits I can see would be speedier sending/receipt of invoices. I don't believe that this will increase the speed of which they are paid; many business owners pay on a certain date of the month, regardless of due dates or when they receive their bills. Other business owners pay only on an ad-hoc basis, when they have the cashflow to do so; they prioritise according to their own systems, not necessarily with regard to the supplier's payment terms.

The other benefit I see would be more secure electronic traffic between businesses. If the Government is genuinely concerned with this aspect, investment in improving security in the digital world would have more far-reaching benefits than e-Invoicing.

Q3 What other factors should be considered when mandating Peppol e-Invoicing for business?

On behalf of my clients, I believe that this is not something that should be mandated at all; introducing this as another invoicing option will lead to better adoption by business owners, albeit in a longer time-frame. If larger businesses lead the way with e-Invoicing, it will encourage some small business early adopters to come on board, which will eventually become the more mainstream way of doing things.

If e-Invoicing can be incorporated with current software processes, so that the two systems can run side-by-side, this will allow a smoother, more seamless adoption. This will allow it to become acceptable to more reluctant business owners.

Mandating a business system will only lead to opposition of the idea, particularly coming from a Government agency such as the Taxation Office. Sending and receipt of invoicing is seen as an entirely internal process between businesses; being mandated by the Taxation Office will be seen as unnecessary, and interfering in that process will create further distrust.

Q4 Which of the options outlined in this consultation paper would you support and why?

Option 3: The Government should take a non-regulatory approach to Peppol e-Invoicing adoption by businesses.

As outlined above, any business process that is mandated by Government will be seen as interfering in how the business conducts itself. If a business owner is content with their current process, they will oppose, or at least resist, any regulation to change things. If e-Invoicing will improve their business processes, business owners will see this and will be happy to adopt it to improve their way of doing business. Most changes take time to become mainstream, with some people being keen to adopt earlier and others will want to wait and see how things work before adopting them.

- Are there specific non-regulatory action/s that you would/would not support the Government taking?

I support the Government offering training/information workshops to business owners about e-Invoicing; helping business owners to understand it and the benefits, especially with international trading.

I also support the Government increasing security in internet traffic where possible.

I do not support the Government giving financial incentives for adoption of e-Invoicing as I see this as another form of coercion/interference and an ultimate waste of public money.

Consultation questions – e-Invoicing and payment terms:

Q1 In your view, if the Government mandates the adoption of Peppol e-Invoicing for businesses:

Would this result in a reduction in payment times from large to small business?

I don't believe that e-Invoicing will affect payment terms in any way, except in the small number of cases where a business is ready to pay but hasn't received the invoice. Businesses tend to pay on their own terms, according to cashflow and internal priorities, regardless of the invoice payment terms. Payments from large business to small business tend to happen more regularly and according to contract, currently, compared to between small businesses.

How would this reduction occur?

N/A

Q2 If the Government mandates the adoption of Peppol e-Invoicing, what other action could the Government take to reduce payment times further?

I believe the Government needs to allow greater freedom to business owners instead of creating further regulations. Payment times should be between business to business; I don't see how the Government can assist in this, except to educate on the implications of trading while insolvent, as that seems to be a big factor in why some (small) businesses are slow in making payments.

Thank you for the time taken to read my submission. I appreciate being given this opportunity to have my say on this important topic.