

# Foreword

This notice cancels and replaces Notice 700/63 June 2007. It has been updated to reflect the changes in invoicing regulations of 2013. It also contains revised content to reflect the technological advances since the previous version.

## Other notices on this or related subjects

700 The VAT Guide

700/21 Keeping VAT records

700/62 Self-billing

725 The single market

## 1. Introduction

### 1.1 What is this notice about?

This notice is about issuing, receiving and storing VAT invoices in an electronic format.

Who should read this notice?

You should read this notice if you:

- issue, or are intending to issue, your VAT sales invoices electronically
- receive, or are intending to receive, VAT invoices in an electronic format from your suppliers.

You can access details of any changes to this notice since June 2007 on our internet website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) or by phoning the VAT Helpline on **0300 200 3700**.

## 2. Issuing electronic VAT invoices

### 2.1 What is electronic invoicing?

Electronic invoicing is the transmission and/or storage of invoices, in an electronic format without the delivery of paper documents. The electronic format may be a structured format such as XML or an unstructured format such as PDF.

## **2.2 What are the benefits of electronic invoicing?**

Electronic invoicing offers many advantages over traditional paper invoices. The rapid electronic transmission of documents in a secure environment may provide for:

- structured data for auditing
- improved traceability of orders
- decreased reliance on paper reducing storage and handling costs
- rapid access/retrieval
- improved cashflow
- security/easier dispute handling.

This list is not exhaustive but does indicate some of the principal benefits.

## **2.3 Do I have to raise my VAT invoices electronically?**

No. VAT law doesn't compel you to use electronic invoicing. It's up to you whether you issue paper or electronic VAT invoices.

## **2.4 Can I use both paper and electronic VAT invoicing at the same time?**

If you were to raise both electronic and paper invoices for the same supplies, or with the same trading partners, you would be running what is known as a dual system. You may only do this if you are running a controlled trial of electronic invoicing systems. Once the trial is over you must stop running the dual system. The electronic invoice then becomes the legal document for VAT purposes.

If you have a specific business need to run a dual system, you should contact the VAT Helpline who will look at the details you provide and decide whether an exception can be made in your case.

## **2.5 Must I tell you that I am intending to issue invoices electronically?**

No. Provided you are satisfied that your system for issue, receipt and/or storage of electronic invoices complies with our requirements.

If you have any questions on the electronic invoicing methods you choose then you should contact the VAT Helpline. Details can be found at [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

### 3. Contents of electronic invoices

#### 3.1 What information must my electronic invoices contain?

Electronic invoices must contain the same information as paper invoices. General information on VAT invoices can be found in section 16 of Notice 700 - The VAT Guide. Paragraph 3.2 below lists the legal minimum invoice requirements.

There are further rules on invoice content if you are making Intra-EU supplies. You can find these in paragraph 16.16 of Notice 725 The Single Market.

#### 3.2 Information required on a tax invoice

For a document transmitted electronically to be accepted as a tax invoice it must include the details laid down in the VAT regulations. With effect from 1st October 2007, tax invoices issued by a UK supplier to his UK customers must include the following information:

Information required	Information required
An identifying number	A sequential number based on one or more series which uniquely identifies the document.
The time of the supply	This is the 'tax point' and is based on the date goods are supplied, a service completed, or a payment received if payment occurs before the physical supply is made or the invoice is issued.
The date of the issue of the document	The invoice transmission date or the date the invoice is made available to the recipient.
The name, address and registration number of the supplier	For cross border supplies the registration number must be preceded by the letters 'GB'.
The name and address of the person to whom the goods or services are supplied	For cross border supplies the customers VAT registration number and country identifier must be shown.

A description sufficient to identify the goods or services supplied; and for each description the following:	For a supply of goods, it is allowable to use a code to identify products; provided the code can be readily checked against a full description at both the supplier's and the customer's premises e.g. a catalogue.
<ul style="list-style-type: none"> <li>The unit price</li> </ul>	For services the countable element might be, for example, an hourly rate or a price for standard services. If the supply cannot be broken down into countable elements, then the total tax exclusive price will be the unit price.
<ul style="list-style-type: none"> <li>The quantity of the goods or the extent of the services</li> </ul>	
<ul style="list-style-type: none"> <li>The rate of VAT</li> </ul>	
<ul style="list-style-type: none"> <li>The amount payable, excluding VAT, expressed in any currency</li> </ul>	
The total amount payable, excluding VAT, expressed in any currency	
The rate of any cash discount offered	
The total amount of VAT chargeable, expressed in sterling	A summary of the VAT amount payable on the invoice by VAT rate or exemption.

### 3.3 What about batches of invoices?

If you are sending batches of invoices to the same customer, you may record details that are common to the individual invoices once per computer file rather than once per invoice.

For example, instead of repeating the full name and address of your customer on every invoice in the batch, you could include the full information on the batch header, and use an abridged or coded version of that information within each individual invoice message.

### 3.4 What about credit notes?

Credit notes, or documents such as debit notes that fulfil the same function as credit notes must contain the same details as the original invoice to which they refer and sufficient information to identify the original invoice.

You can find information about the details you need to include on credit notes you raise for UK supplies in section 18 of Notice 700 The VAT Guide.

If you issue invoices to persons in another Member State, documents that amend those invoices, for example credit notes or debit notes, must contain the same information that is required on an invoice.

You will need to take care to post these amending documents correctly in your VAT accounts.

## **3.5 Must all the amounts on my invoices be expressed in sterling?**

No. You may express the amounts in any currency. But you must express the total amount of VAT due in sterling where there is a positive rate of VAT due in the UK.

## **4. Conditions for electronic transmission**

### **4.1 When may I invoice electronically?**

You may invoice electronically where the authenticity of the origin, integrity of invoice data, and legibility of invoice content can be ensured, and the invoice recipient agrees to receive invoices electronically.

- "Authenticity of the origin" means the assurance of the identity of the supplier or the issuer of the invoice.
- "Integrity of content" means that the content as listed in paragraph 3.2 has not been altered.
- "Legibility" of an invoice means that the invoice can be easily read.

Businesses are free to choose any method of ensuring authenticity, integrity, and legibility to suit their method of operation. Examples of approaches for ensuring authenticity & integrity include:

- An advanced or 'qualified' electronic signature (paragraph 4.2).
- Electronic data interchange (EDI) (paragraph 4.3).
- Business controls which create a reliable audit trail between an invoice and a supply of goods or services. (paragraph 4.4).

### **4.2 What is an advanced electronic signature?**

An advanced electronic signature is a digital signature that is:

- uniquely linked to the signatory
- capable of identifying the signatory

- created using means that the signatory can maintain under his sole control, and
- linked to the data to which it relates in such a manner that any subsequent change to the data is detectable.

A 'qualified' electronic signature is an advanced electronic signature with the additional attributes of being based on a qualified certificate and created by means of a secure signature creation device.

## 4.3 What is EDI?

EDI (electronic data interchange) is a computer-to-computer exchange of structured data that permits automatic processing by the recipient. It is traditionally more commonly used for high-volume data transfers between businesses, using agreed standards (for example, UN/EDIFACT) to structure the data.

There should be an interchange agreement between the EDI trading partners making provision for the use of procedures that guarantee the authenticity of the origin and integrity of the data. Commission Recommendation 94/820/EC provides an example model EDI interchange agreement. Examples of such procedures include:

- use of secure networks
- use of messaging protocols that make sure authenticity and security, such as AS2 (Applicability Statement 2)
- controls over access to networks (for example, checking "trading relationships")
- syntax checking of data in accordance with the rules of the transmission standard
- and summary file control reporting.

## **4.4 What are business controls which create a reliable audit trail between an invoice and a supply of goods or services?**

In the course of a business-to-business transaction a variety of documents will be produced. For example in a sales order-to-cash process there will typically be (but not limited to) contracts, order documents, delivery documents, invoice and remittances. These documents will be linked in an audit trail. By comparing the invoice data to the data on the other documents within the audit trail, and any other data (for example trading partner master data held in accounting software) or documents relating to the supply it is possible to make sure the authenticity of origin of the invoice & the integrity of the invoice data. Before a document can be used in the verification of the invoice data a business must have internal controls in place to make sure the reliability and independence of the data in the supporting document. These internal controls may be system controls; e.g. a control that prevents a sales order being changed after the invoice has been issued; procedural controls; e.g. a purchase order must be issued before an invoice is received; or authorisation controls; e.g. a user who has access to maintain supplier master data can not enter invoices from that supplier. Businesses are free to use whatever reliable audit trail and internal controls that work for their particular circumstance.

## **4.5 What other systems can I use?**

We are prepared to accept electronic invoicing where the authenticity of the origin and integrity of the invoice data are guaranteed by means other than digital signatures, EDI or business controls creating a reliable audit trail between invoice and supply, as long as you are able to impose a satisfactory level of control over the authenticity and integrity of your invoice data. Examples of this control include:

- security of networks/communication links
- access controls, and
- message transfer protocols (for example, http-s).

You must also be able to meet all the other conditions in this notice. For more information about the levels of control you will have to apply, see paragraphs 4.8 and 5.2.

Please note that some tax authorities in other Member States may not accept invoicing where the authenticity of the origin and integrity of the invoice data are guaranteed using these means. If your customers won't be able to use your invoices as evidence that you have made a taxable supply to them, they may not be willing to do business with you.

# 4.6 What if I'm not sure whether my system is VAT-compliant?

If you...	Then you...
<p>want to invoice electronically but your system isn't covered in paragraph 4.1, and</p> <p>you are unsure whether your system meets the requirements in paragraph 4.5</p>	<p>Can email or write to us. Contact details can be found at <a href="http://www.hmrc.gov.uk">www.hmrc.gov.uk</a></p> <p>If possible, you should provide:</p> <ul style="list-style-type: none"> <li>• an indication of the standard under which</li> <li>• the invoice message has been drafted</li> <li>• a formatted "dump" of an example invoice, and</li> <li>• an overview of the main system concepts, including control over authenticity and integrity of data.</li> </ul> <p>We will advise you if any further information is required.</p>

# 4.7 What formats can I use for electronic invoicing?

Provided that the relevant invoice messages used contain the required data we will accept a wide variety of electronic invoice message formats. Examples include:

- traditional EDI standards such as UN/EDIFACT, ODETTE and TRADACOMS
- XML-based standards
- comma-delimited ASCII, PDF.

You may want to check whether your customer's system can accept invoices in the format you use before you mutually agree to invoice electronically.

# 4.8 Controls over the transmission of invoices

You must transmit your invoices in a secure environment, using industry-accepted authenticity and security technologies on the:

- messages themselves, or
- communication links/networks over which the invoices are transferred.

Examples of these include http-s, SSL, S-MIME and FTP.

Alternatively, you may use other procedural means that offer similar assurances.

## **4.9 Protecting the authenticity and integrity of invoices**

You must be able to make sure the authenticity and integrity of your invoice data during the transfer between trading partners.

To minimise burdens on business, we will not be over-prescriptive in specifying the detailed forms that such control may take. Where possible, we prefer instead to rely on good business practice or businesses' own controls.

## **4.10 What internal controls must I maintain?**

In order to establish the authenticity and integrity of your electronic invoicing you will need to be able to demonstrate that you have control over the:

- completeness and accuracy of the invoice data
- timeliness of processing
- prevention or detection of, possible corruption of data during transmission
- prevention of duplication of processing (by the recipient), and
- prevention of the automatic processing, by the recipient, of certain types of invoice on which VAT may not be recoverable - for example, "margin scheme" invoices.

Additionally you must:

- be able to demonstrate that you have a recovery plan in case of a system failure or loss of data, and
- maintain an audit trail between your electronic invoicing system(s) and the internal application system(s) that are used to process the electronic invoices.

## **4.11 What if I make supplies to another Member State?**

If you are issuing electronic invoices to other member states then those invoices must meet the UK conditions for electronic invoicing. You may want to check whether your customer's system can accept invoices in the format you use before you mutually agree to invoice electronically.

All EU Member States are required to allow electronic cross border invoicing under the terms of the EU Invoicing Directive, with effect from 1st January 2004. Generally, the rules that apply to the cross border electronic exchange of tax documents are those of the country in which the supplier (normally the issuer of the invoice) belongs.

## **4.12 Cross border electronic invoicing**

Invoices (both paper and electronic) raised by a UK supplier to a customer in another EU member state must include:

- the letters 'GB' (the 'country identifier' for the UK) , as a prefix to the supplier's VAT registration number
- the VAT registration number, if any, of the customer in the other Member State, including the appropriate country identifier as a prefix.

Credit notes will be required to show the same information as tax invoices where the original invoice was supplied to a person in another EU Member State.

## **4.13 Where to find further information**

For details on the rules applicable in EU Member States other than the UK, please approach the tax authorities in the countries concerned. Current EU tax authority contacts are listed in Notice 725 "The Single Market", January 2014. This is available at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Basic VAT relevant information (including some that pertains to the electronic exchange of tax documents) is available for each EU member state on the EU Commission's Europa website.

## **4.14 Transmission of electronic invoices and credit notes to/from countries which are not EU Member States**

Electronic transmission of invoices and credit notes to countries which are not Member States of the EU is permitted, provided the acceptability of this is confirmed with the tax authorities in the receiving country.

# **5. Conditions for electronic storage**

## **5.1 Protecting the authenticity, integrity and legibility of stored invoices**

You **must** be able to make sure the authenticity, integrity and legibility of your invoice data during and after application processing. Paragraph 4.9 gives more details.

## **5.2 Controls on the storage of electronic invoices**

You must:

- be able to guarantee the authenticity and the integrity of the content of your source documents throughout the storage period by electronic or procedural means, and store all the data related to your invoices, including such evidence as required to demonstrate that authenticity and integrity has been ensured, and
- you must readily be able to recreate the invoice data as at the time of its original transmission or receipt, and present the invoice data in a readable format. You must keep history files so that you can find the appropriate details from any particular time in the past if you are asked to do so by a visiting officer.

## **5.3 Can I scan paper invoices to be stored electronically?**

You may convert paper documents into an electronic format for use and storage as records for VAT purposes providing the requirements described in this Notice for ensuring authenticity, integrity and legibility are met. Authenticity and integrity must be maintained during the conversion process as well as during storage.

## **5.4 How long must I store electronic invoices?**

The same rules apply to storage of electronic invoices as to paper invoices. You must normally keep copies of all the invoices you issue and all the invoices you receive for 6 years. If the 6-year rule causes you serious storage problems or undue expense, you should consult the VAT Helpline for advice. We may be able to allow you to keep some of the records for a shorter period. You can find more information about this in paragraph 2.4 of Notice 700/21 Keeping Records and Accounts.

## **5.5 Can I store my electronic invoices in another EU Member State?**

Yes. But you must still be able to produce any records we require from you in a readable form, and within a reasonable period of time, at a mutually agreed place. We recommend that you maintain on-line access to your records if you store them outside the UK. The records you produce must comply with the requirements in paragraph 4.8.

# 5.6 Can I store my electronic invoices outside the European Union?

Provided that...	Then...
<p>the country where you are storing your invoices respects European Data Protection principles regarding the storage of personal data (names/addresses etc), and</p> <p>you can produce any records we require from you in a readable form, and within a reasonable period of time, at a mutually agreed place</p>	<p>you may store electronic invoices outside the European Union.</p> <p>If you do this, we recommend that you maintain online access to your records.</p>

## 6. Access to electronic systems

### 6.1 What access must I allow you to my systems?

If you choose to issue, or receive, electronic invoices, you must retain them in a readable form, or be able to produce them in a readable form without delay.

In order to assure electronic systems, we may request access to:

- the operations of any computer systems which produce or receive VAT invoices or disagreement documents, and to the data stored on them
- your supporting documentation including your file structures etc; audit trail; controls; safe keeping; and information on how your accounting system is organised, and
- advice on interrogation facilities available on the system.

We must be able to take copies of information from your system, if required. You may be able to meet your obligations as regards production of records by giving us:

- physical access to your systems at your premises
- indirect access (providing information on electronic media, or possibly via remote access to your systems)
- a resident audit programme installed at the request of the visiting officer, or

- any other reasonable method agreed with us.

## **7. Receiving electronic invoices**

### **7.1 How must I store electronic invoices I receive?**

If you receive electronic invoices from your suppliers, you must meet the same conditions for storing them as are set out for suppliers. These conditions are in section 5.

This also applies to scanned images of paper documents used as stored electronic records for VAT purposes.

### **7.2 Must I accept electronic invoices from my suppliers?**

No. If you do not wish, or are not able, to receive electronic invoices you should ask your suppliers to issue you with paper invoices. This is a commercial matter between you and your supplier.

### **7.3 What if I receive supplies from another Member State?**

If you receive electronic invoices from a supplier in another Member State, the format of those invoices will have to meet the requirements of the tax authority in your supplier's Member State. You may want to check whether your system can accept invoices in this format before you agree to receive them electronically. This is a commercial matter between you and your supplier.

### **7.4 UK specific requirements of electronic invoices and credit notes relating to supplies to UK businesses by non-UK businesses.**

The electronic receipt of tax documents from other EU Member States is permitted, so long as they provide sufficient information to enable the calculation of acquisition tax in the case of goods or output tax in the case of reverse charge services.

The electronic receipt of invoices and credit notes from countries which are not Member States of the EU is permitted, so long as they provide sufficient evidence to support the calculation of VAT on imports in the case of goods or the reverse charge procedures in the case of services.

## **8. Electronic invoices issued by customers or third parties**

### **8.1 Can my customer issue an electronic invoice on my behalf?**

Yes. You will need to make sure that any electronic self billing system can recognise self billed invoices so that the input tax and output tax are accounted for correctly.

You can find out about the rules for self-billing in Notice 700/62 Self-Billing.

### **8.2 What if I use a third party to issue my electronic sales invoices?**

You may choose to 'outsource' the physical responsibility for the issuing of your electronic sales invoices to a third party. However, all the legal obligations relating to the contents, storage and production of the invoices issued remain with you.

For this reason it's important that you are sure that invoices you outsource also meet the requirements in this notice. You may want confirmation of this to form part of your outsourcing agreement.

Similarly, these principles apply if you choose to 'outsource' processing and/or storage of invoices received.

## **9. Inability to meet the e-invoicing conditions**

### **9.1 What if I can't meet the conditions?**

If you can't meet the conditions for transmission and storage of electronic invoicing set out in the regulations and in this notice, you will have to issue paper invoices. But if you want advice on what you would have to do to be able to meet the conditions, you should contact the VAT helpline.

### **9.2 What if I fail to meet the conditions?**

If you have issued and stored invoices electronically, but have failed to meet the conditions set out in the regulations and this notice, you will have to issue paper invoices until we are satisfied that your system is acceptable.

If you persistently fail to meet the conditions, you may be liable to a penalty.

## **Your rights and obligations**

['Your Charter'](#) explains what you can expect from us and what we expect from you.

## Do you have any comments or suggestions?

If you have any comments or suggestions to make about this notice, please write to:

HM Revenue & Customs  
VAT Process Owner Team  
1st Floor, Regian House  
James Street  
Liverpool  
L75 1AD

Please note this address is not for general enquiries.

For your general enquiries please phone our Helpline on **0300 200 3700**

## Putting things right

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

If you want to know more about making a complaint go to **[www.hmrc.gov.uk](http://www.hmrc.gov.uk)** and under quick links, select Complaints and appeals.

## How we use your information

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so.

For more information go to **[www.hmrc.gov.uk](http://www.hmrc.gov.uk)** and look for Data Protection Act within the Search facility.