

This handbook answers the following questions:

- How do I make an electronic invoice?
- What new information is required on the invoice?
- What is an EAN number?
- What is a Read-In bureau?
- What do I need to remember?

For more information

www.virk.dk/efak
Information, especially for private companies

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(info-line for electronic invoicing)
Monday – Friday 10:00-15:00
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The Electronic Invoicing Handbook is available on the web sites above.



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Electronic Invoicing Handbook

– if you do business with the public sector

Electronic Invoicing >>



These new invoicing requirements apply to all private companies in Denmark, who are suppliers to Danish public-sector customers.

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As of 1 February 2005, all public-sector institutions in Denmark may only accept invoices in electronic format. This affects your company if it does business with public-sector customers.

private companies can now save substantial amounts on paper, printing, postage and manual typing by handling billing electronically.

You must change your invoicing system if you sell goods or services to the state, counties or municipalities. These can be day-care institutions, schools, hospitals or government ministries, for instance.

If you have sent paper invoices to public-sector customers since 1 February 2005, they are not required to pay until they receive the bills in digital format.

If you do not sell goods or services to the public sector, the electronic invoicing requirement does not immediately affect you.

When selling goods or services to the public sector, two main changes are now in effect:

1. New information is required on all invoices, including EAN numbers.
2. Your invoices must be converted to digital format, provided you are a company located in Denmark (ie. have a CVR. number).

As of 2005, public institutions in Denmark were receiving about 18 million paper invoices per year. Electronic invoicing was enacted to save money for taxpayers and society in general. The public sector and

AN ELECTRONIC INVOICE

From now on, all invoices to public-sector customers in Denmark must be readable directly into their accounting systems. An electronic invoice is a bill converted to a particular format, which can be read by all public institutions. An electronic invoice is not a Word document, for instance, nor a .pdf file.

The term "invoice" covers all kinds of bills, including standard invoices and credit notes.

The Electronic Invoicing Handbook – if you do business with the public sector – is published by Agency for Governmental Management and the Ministry of Science, Technology and Innovation.

Read more about electronic invoicing at www.virk.dk/efak

New information on the invoice

– always remember the EAN number!



All invoices to public-sector customers in Denmark must include the following information:

1. EAN number

Must always be included in the invoice. You must receive this information at the latest when the customer places the order – otherwise, you cannot be certain about payment.

2. Order or requisition number

3. Personal or other reference

4. Internal accounting number

Must be included in the invoice if the customer gives this number when placing the order.

The essential EAN number

All public institutions in national government, counties and municipalities have one or more EAN numbers. In some cases, an entire county may use the same EAN number. In other cases, a single institution may have several EAN numbers, such as for each department or accounting unit.

The EAN number must be included in all invoices – also in invoices which are first written in paper format.

The EAN number corresponds to an electronic postal address. If you forget the EAN number, it has the same effect as forgetting to address an envelope. You risk not being paid if the invoice does not reach the intended recipient!

How to obtain your customer's EAN number

Your public-sector customer is required to give you the EAN number when placing an order, at the very latest. Some public entities choose to send a list of EAN numbers to their suppliers. Others publish the list on their web sites.

You must receive an EAN number each time you receive an order.

EAN number

In precise terms, the EAN number is an "EAN location number." It consists of 13 digits which clearly identify the public-sector entity. This can be an institution, a department, a function or an account.

CHECKLIST – new information on the invoice

- Remember to include this information on the invoice:
 - EAN number
 - Order or requisition number
 - Personal or other reference
 - Internal accounting number, if given
- If you have an accounting system, make sure that there are data fields for entering all four of these items – most systems have them. If there is no space for this information, ask your software supplier for an update.
- You may want to contact your public-sector customers to receive their EAN numbers.



There is no single system to use for electronic invoicing. Your company can choose among three options:



Read-In bureau



Invoicing portal



Electronic invoicing system

How electronic invoicing works

Regardless of which option you choose, your invoice is converted into an electronic one that can be accepted by all public-sector institutions.

By using any of these three solutions, your company need not concern itself with the accounting system its public-sector customer uses. You will always be certain that the customer can read and process your invoice.

All three options are integrated into the VANS network (Value-Added Services Network), a sort of electronic postal service. This network collects and distributes all electronic invoices to the right customers at their electronic postal address (EAN number).

The main advantage of VANS is that it's easy to use. You send your invoices to one place – and an electronic post office takes care of the proper delivery.

Can I send the invoice directly to the customer?

Using the VANS network is your insurance that all public-sector entities can receive your electronic invoices. However, you and your customer can also agree to exchange electronic documents directly, circumventing the VANS network.

What should I do if I use a procurement portal, such as DOIP, RAKAT or KMD Webindkøb?

Some companies use a procurement portal which employs its own version of electronic invoicing. If you receive a lot of orders from public-sector customers via a procurement portal, it's probably a good idea to use the portal's own invoicing system.



You can read more about these three options on the following pages. There can be many different reasons for choosing a particular solution. This overview might be helpful in choosing the right one for you.

Read-In bureau

- Free of charge for small companies.
- You have no digital accounting system, or have one that cannot support electronic invoicing.
- You send very few invoices to public-sector customers.
- You have no access to the Internet.

Invoicing portal

- You have Internet access.
- You want to save postage.
- You send very few invoices to public-sector customers.
- You feel that it's easy (like using Internet banking, for instance).
- You receive an order from a customer in digital format that is suitable for an invoicing portal.

Electronic invoicing system

(module in an accounting system or independent software)

- You have an accounting system that can send electronic invoices.
- You want to save time, paper, printing and postage by investing in the system.
- You send numerous invoices to public-sector customers.
- You can use electronic invoicing for both private- and public-sector customers.
- You want to send the signal of being a modern, up-to-date company.
- You receive orders from customers in digital format that is suitable for an electronic invoicing system.



Your company

Read-In bureau

Public-sector customer

You may still use paper invoices, but you can no longer send them directly to public-sector customers. Instead, you can send them to a Read-In bureau ("Læs Ind-bureau").

How a Read-In bureau works

Your company sends a paper invoice to a Read-In bureau, which forwards the invoice to your customer in digital format.

A Read-In bureau converts the information from the paper invoice to an electronic invoice by scanning it. The Read-In bureau processes your invoice within five days of receipt, if it includes all the necessary information.

Free of charge for small companies

Read-In bureaus were established to help small and medium-size companies. Thus, the service is free for most of these companies.

Large companies and public-sector institutions must pay for the services of Read-In bureaus. This applies to the following three groups:

- Companies that are required by law to compute moms (Danish sales tax) once a month (excluding companies who only voluntarily compute moms on a monthly basis).

- Companies that pay a payroll tax exceeding DKK 1.5 million*
- Public-sector companies that are registered as such in the CVR registry.

All other companies can use certified Read-In bureaus free of charge.

If your company is entitled to use Read-In service for free, you don't need to make a contract with a Read-In bureau. You need only to send your invoices to the Read-In bureau with the customer's name and address on each one. Remember to include the new information, as well.

Companies that are required to pay for Read-In services need to make a contract with a Read-In bureau. Compare prices beforehand, as these bureaus have different conditions and fee structures.

Choose a Read-In bureau

As of early 2005, companies that qualify for free Read-In service may choose between two certified Read-In bureaus.

*Payroll tax – not to be confused with total payroll – is a tax levied on certain types of companies. Consult your accounting department or the Danish tax authorities if you're uncertain whether your company is subject to payroll tax.

Certified Read-In bureaus

	DATA SCANNING A/S	JWN Data A/S
Contact	www.datascanning.dk Tel. +45 46 55 00 70	www.jwn.dk Tel. +45 38 33 30 33
Send invoice by post to	DATA SCANNING A/S "Read-In" service 0555 Scanning	JWN Data A/S "Read-In" service Post box 601 0900 Copenhagen C

HOW TO DO IT Read-In bureau

- Choose a Read-In bureau.
- Enter into a contract if you are not entitled to free service.
- Write your invoice, and remember to include all required information, including the EAN number.
- Send the invoice.

The Read-In bureau will scan the invoice, convert it into electronic format and send it to the correct public-sector entity via the VANS network (the "electronic postal service").

Good advice

- Do not include vouchers, products or copies of bills.
- Preferably, send several invoices in the same envelope – also, to more than one public-sector customer.
- Avoid the use of staples.
- Print the invoice or type it on a typewriter. There is a greater risk of errors if the invoice is written by hand.
- Always write your customer's name and address on the invoice.
- Write "EAN number" before the EAN number, and write it close to the recipient's address. This makes it easier for the scanner to find it.

If I haven't received payment

If you have not received payment, there may have been an error. The Read-In bureau will process your invoice within five working days of receipt. Thus, wait at least five working days before asking the customer if he has received it. Check once more that your original invoice contained all the required information.



Your company

Invoicing portal

Public-sector customer

If you want to begin electronic invoicing quickly, you may choose to type invoices into a web site available on the Internet. Such a site is called an invoicing portal.

How an invoicing portal works

An invoicing portal resembles to Internet banking. You log on to a web site, and usually type in a user name/password. Then you can type in and send an electronic invoice.

If you have a digital accounting system, you should be aware that an invoicing portal doesn't necessarily interface with your accounting system. This might require you to type the invoice both in your accounting system and in the invoicing portal, separately. However, it's usually possible to integrate the two.

Using an invoicing portal saves money on printing, envelopes and postage, without having to invest in an electronic accounting system.

A relatively inexpensive solution

There are no set charges for using an invoicing portal. The fees depend on the solution you choose and the number of invoices. Some providers charge a set fee per quarter for a fixed number of invoices. Contact the providers and compare prices.

Choose an invoicing portal

There are a number of providers of invoicing portals and similar solutions on the market, and new ones appear regularly. Among others are:

- EDB-gruppen:
www.truelink.dk
- FakturaService.net:
www.fakturaservice.net
- WM-data Fakturaportal:
www.ebsfaktura.wmdata.dk

See a continuously updated list of current invoicing portals at www.virk.dk/efak.

HOW TO DO IT

Invoicing portal

- Choose an invoicing portal provider – and receive a password.
- Go into the web address you have received from the provider.
- Enter your user name and password.
- Fill out the invoicing form.
- Click "send."

The invoicing portal will compose the invoice in the correct digital format and send it to the right public-sector customer.

Electronic invoicing system – the total solution



Your company

Electronic invoicing system

Public-sector customer

If you send numerous invoices to public-sector customers, it's an advantage to use an electronic invoicing system. This way, you avoid having to print and send bills, or type them into a web site.

How an electronic invoicing system works

A company can write electronic invoices itself, and these can be read directly into the public sector's accounting system. To do so, a company must have a digital accounting or invoicing system. With it, you can send bills directly from your computer to the customer's computer.

An electronic invoicing system reads invoice files from your accounting system. The electronic invoicing system can either be part of the accounting system, or a supplementary module or separate invoicing system.

Requirements for your accounting system

Your current accounting system might need to be upgraded with a new module or separate software before you can make invoices in the correct format.

A few accounting systems today can deliver files automatically to VANS providers. Ask your software supplier if this applies to your system.

If your company's accounting system cannot already send electronic invoices, it might be a good idea to supplement it with a standard solution. This can be an additional software module or an independent invoicing system. The advantage here is that standard solutions are constantly updated, so they can easily accommodate new versions of your accounting system.

Connection to VANS

You typically send your electronic invoice via the "electronic postal service" – the VANS network.

You can choose to be connected to the VANS network via your IT supplier, or directly by yourself. There are five VANS providers ("electronic post offices") in Denmark which comprise the VANS network. They each have their own solutions for receiving invoices.

VANS provider (electronic post office)

Information

Solution

CSC	www.sdn.dk/efaktura	CSC VANS connection
Dan Net	www.dannet.dk	eBroker OIOXML Single
IBM	www.ibm.com/dk	eC ServiceCenter or eC WebClient
KMD	www.kundenet.kmd.dk	KMD EDI service
WM-data	www.wmdata.dk	WM-data eBusiness Services

In Denmark, the public sector is only required to receive invoices in a format called "OIOXML." However, you may agree on another format with your customer if you wish.

Some vendors of electronic accounting systems are issuing updates to their most recent versions to the private market, which will enable their systems to operate with OIOXML files. In some cases, these updates are included in an updating subscription.

Costs involved in an electronic invoicing system

The costs involved in an electronic invoicing system are highly dependent upon a company's accounting system, the number of invoices sent, and the desired degree of integration with the accounting system. The following expenses can be involved:

- Changes in the accounting system.
- Purchase of an additional module to the accounting system, or a separate software programme.
- Purchase of a VPN router, if you need a particular security solution.
- Registering with a VANS provider.
- Subscription to a VANS provider.
- Fee per invoice to a VANS provider.
- Any conversion of data to OIOXML.

HOW TO DO IT Electronic invoicing system

- Determine whether you need to modify your accounting system.
- Determine which is most economical: modifying your accounting system, adding a software module to your accounting system, or adding a separate invoicing system.
- Choose an invoicing system supplier.
- Choose a VANS provider, if necessary.
- Seek support from your IT vendor in setting up a link between your company and a VANS provider.



Consult one or more IT suppliers if you are considering making electronic invoices with your own invoicing system. The following questions may be helpful:

1 Is there space for the mandatory information in my current accounting system?

Most recent versions of accounting systems have space for the mandatory information. However, you may need to add certain fields.

2 Can my accounting system send electronic invoices in OIOXML format?

Some suppliers of accounting systems issue updates to support the sending of OIOXML files. These may be free of charge if you have an update subscription.

3 Can my accounting system send other types of invoice files, which the VANS network can convert and read?

These electronic post offices have different capabilities for reading files from accounting systems. Your own company's accounting system supplier can tell you which types of invoicing files you can send.

4 Can the solution be integrated into my accounting system?

Companies that send numerous invoices should consider integrating the electronic invoicing system with their accounting system. This eliminates the need to type the same invoice information several times, and helps ensure that the invoices are correct.

5 Can the solution also send invoices to my customers in the private sector?

OIOXML is the format chosen by the public sector in Denmark for data communication. With the enactment of electronic invoicing, it's increasingly likely that private-sector companies will be able to use OIOXML as well. Before choosing a solution, you should consider the need for sending electronic invoices to other than public-sector customers.

6 Can the solution handle electronic purchasing orders?

Some companies may see a growing demand from their customers to accept electronic purchasing orders. Thus, it's a good idea to determine whether your company can handle these orders.

Check www.virk.dk/efak for an updated list of IT vendors who offer electronic invoicing solutions.



The VANS network

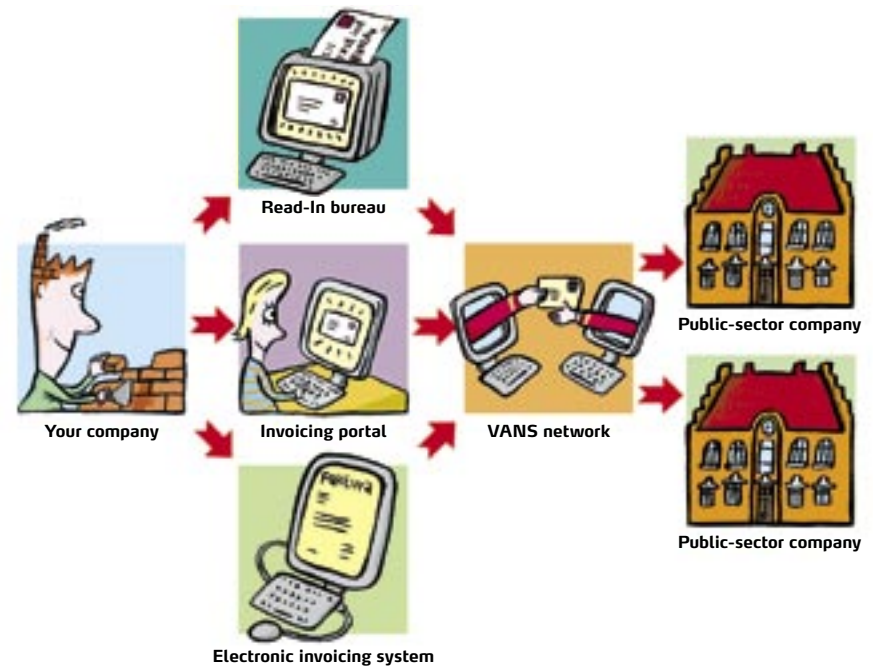
Electronic invoicing is built up around the VANS network, a sort of electronic postal service. The network consists of VANS providers, among others, which are companies who receive electronic invoices and forward them to the appropriate customers.

The main advantage of the VANS network is that users need only a single point of contact – a VANS provider. All public-sector

entities are required to be connected to the network.

OIOXML

All Danish public institutions are required to read the OIOXML digital format as of 1 February 2005. You only need an understanding of OIOXML if you are an IT supplier, or if you want to make a comprehensive solution for electronic invoicing yourself.



OIOXML electronic invoice

The format's full name is "OIOXML electronic invoice." This is a XML-based accounting format which has been developed on the basis of an international standard. Learn more at www.oio.dk.