



EUF Position Summary on e-invoicing in public procurement

The list of names of the key stakeholders to whom the letter has been sent:

European Commission:

Mr Olivier Girard
Cabinet of Commissioner Michel Barnier
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Mr Pierre DELSAUX
Deputy Director General
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Mr Joaquim NUNES DE ALMEIDA
Director, Directorate C "Public Procurements" Directorate General for the Internal Market and Services

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The EUF comprises the national and international associations for the factoring and commercial finance industry that are active in the EU. In 2012, the total turnover of the factoring and commercial finance industry in the EU exceeded 1,200 Billion €, representing 9.36 per cent of the total EU GDP. The EUF seeks to engage with governments and legislators to enhance the availability of finance to business and brings a particular expertise in supporting the SME community. The EUF acts as a platform between the factoring and commercial finance industry and key legislative decision makers across Europe, providing a source of reference and expertise on the industry, and also on access to finance and other issues affecting SMEs.

Commercial finance and factoring are generic terms for a range of asset based finance services which include factoring, invoice discounting, international factoring, supply chain finance/ reverse factoring/supplier finance/confirming and asset based lending. There are many variations on each of these product sets and the precise nomenclature varies from market to market, but all exist to provide working capital funding and financing solutions to all businesses, big and small, but in many countries particularly to SMEs. The exact content of the services provided by the commercial financier will vary according to the clients' particular requirements, but all of these solutions have in common the idea

that funding is offered based upon the accounts receivables created by the client company: With a factoring solution, the factor agrees to pay an agreed percentage of approved debts as soon as the receivables are assigned or (in some jurisdictions) pledged to him. If credit protection is part of the factoring agreement, it is referred to as “non-recourse” factoring, while a factoring agreement where the credit risk on the debtor remains with the seller is called “with-recourse” factoring. The factor will often also undertake all credit management and collections work. There will normally be a charge for the collections service and, if it is required, for bad debt protection as well as a discount charge for finance provided in advance of collections.

In many European jurisdictions, such as Belgium, Bulgaria, the Czech Republic, Denmark, Estonia, Greece, Italy, Lithuania, the Netherlands, Portugal, Romania, Sweden and Slovakia, the valid transfer of a receivable to a new creditor requires that the debtor be notified of this transfer or assignment. This notification can be effected in different ways, one consisting in informing the debtor of the assignment through a reference in the invoice.

With regard to the current development of a European standard for e-invoicing by the European Committee for Standardisation, especially for public procurements (cf. the proposal for a directive in COM(2013) 449 final), the EUF wishes to draw your attention to the following: The EUF has been made aware that in some countries, difficulties have arisen with public authorities when trying to include the notification of the assignment in the e-invoice. This is often because the IT-system of the notification’s recipient (i.e. the debtor) is not able to handle the notification.

In order to facilitate the uptake of e-invoicing in all relevant sectors and to remove barriers caused by insufficient e-invoicing interoperability, as stated in the explanatory memorandum to the proposed directive, the new common European standards for e-invoicing need to allow the assignment of the receivables which form the basis of invoices. In this context, the EUF strongly advocates that the assignment of an invoice to a factor be included in the specifications for the new standard on e-invoicing.

Should you require more information or any clarification, please feel free to contact us. For further information on the factoring industry in the EU, please visit our website www.euf.eu.com.

With kind regards,

John Gielen
Chairman – EUF

Kraainem, 17 February 2014