



ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION

**Round Table organized by the AEB IT-Telecom
Committee**

“Future of E-invoicing in Russia”

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VAT aspects of E-invoicing

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- E-invoicing in Russia – key considerations
- Current role of VAT invoice
- Electronic VAT invoices
- Russian experience of electronic documentary flow
- International experience with E-invoicing

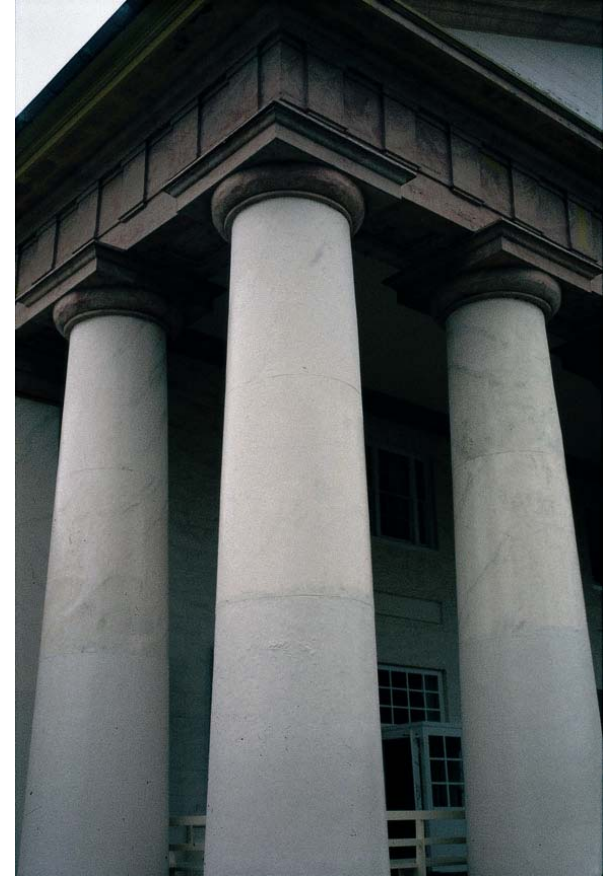
E-invoicing in Russia – key considerations

- It is important that the application of E-invoicing should comply with VAT requirements;
- High potential cost of non-compliance with VAT requirements



Current role of VAT invoice (1 of 3)

VAT invoice is the basis for input
VAT recovery



Current role of VAT invoice (2 of 3)

VAT INVOICE No _____ **XXX** **dated** _____ **"00" Month 2008**

Seller	_____	The name of the seller
Address	_____	The address of the seller
TIN&KPP	_____	TIN/CRR of the seller
Sender and his address	_____	The name of the sender
	_____	Post address of the sender
Recipient and his address	_____	The name of the recipient
	_____	Post address of the recipient
Payment document (if applicable)	_____	Date and number of the payment document (in case of advance payment)
Buyer	_____	The name of the buyer
Address	_____	The address of the buyer
TIN&KPP	_____	TIN/CRR of the buyer

Title of goods (description of works performed, services rendered), property right	Unit of measurement	Quantity	Price	Total value of goods (works, services), property rights without VAT	Including excise	VAT rate	VAT amount	Total value of goods (works, services), property rights including VAT	Country of origin	Custom declaration number
Description of goods (works, services)	-	-	-	100,000.00	-	18%	18,000.00	118,000.00	-	-
Total to be paid							18,000.00	118,000.00		

Director _____ **Chief Accountant** _____
 (signature) (name) (signature) (name)

Remark: First original to buyer, second original to seller

Current role of VAT invoice (3 of 3)

Current role of VAT invoices in Russia:

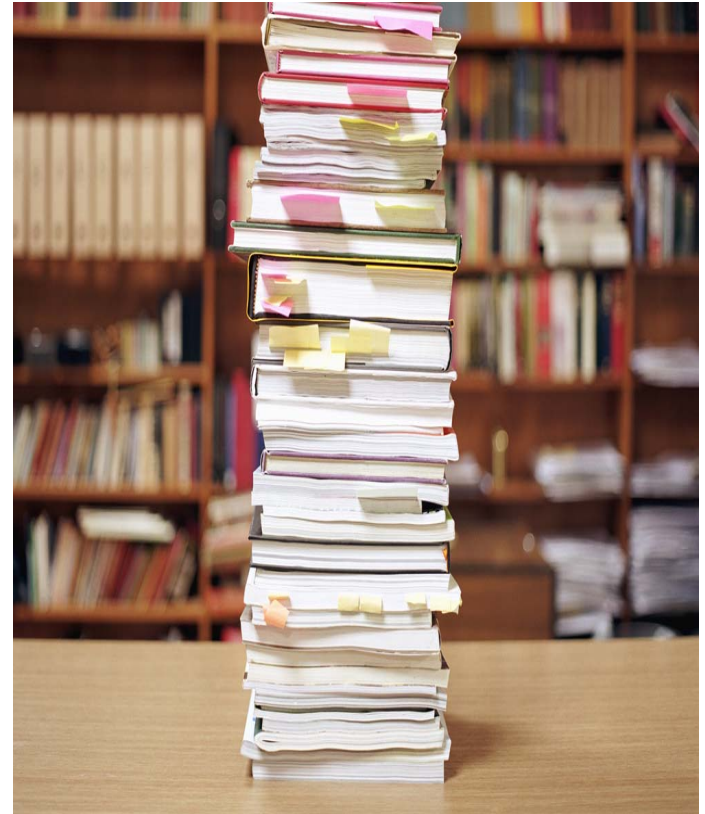
- compliance of format is important;
- availability of hard copy during tax audit;
- gives reference to suppliers (i.e. necessary for cross audits performed by the tax authorities)



Electronic VAT invoices

No hard copy of VAT invoice is required?

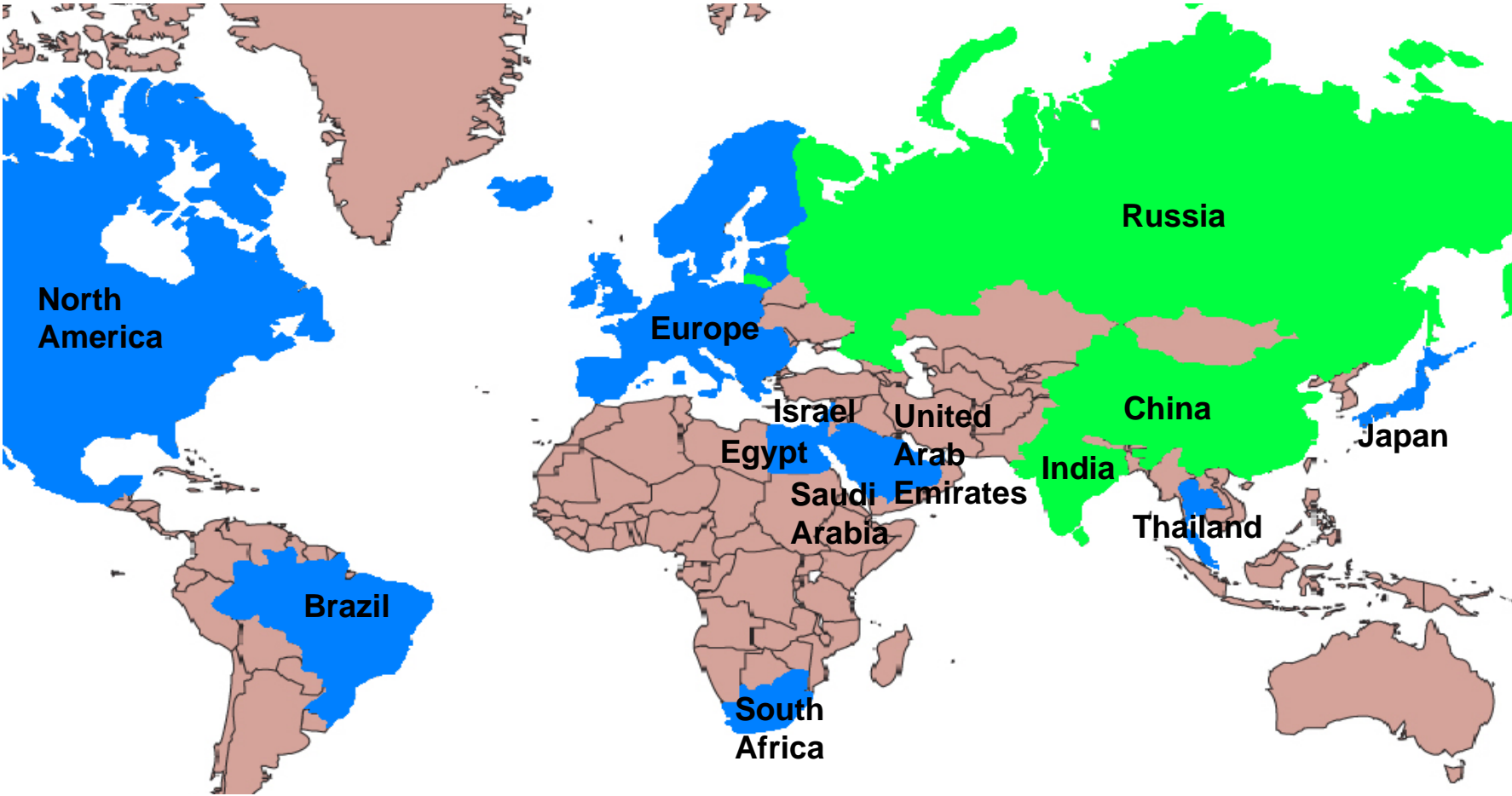
- between buyer and seller;
- between taxpayer and tax authorities





Russian experience of electronic documentary flow

- Experience of electronic communications with the tax authorities:
 - submission of the tax returns;
 - EGAIS;
 - some documents requested by the tax authorities in practice;
- Software accepted by the tax authorities?
- Compatibility of different software;
- E-invoicing - obligatory vs. optional

Application of E-invoicing

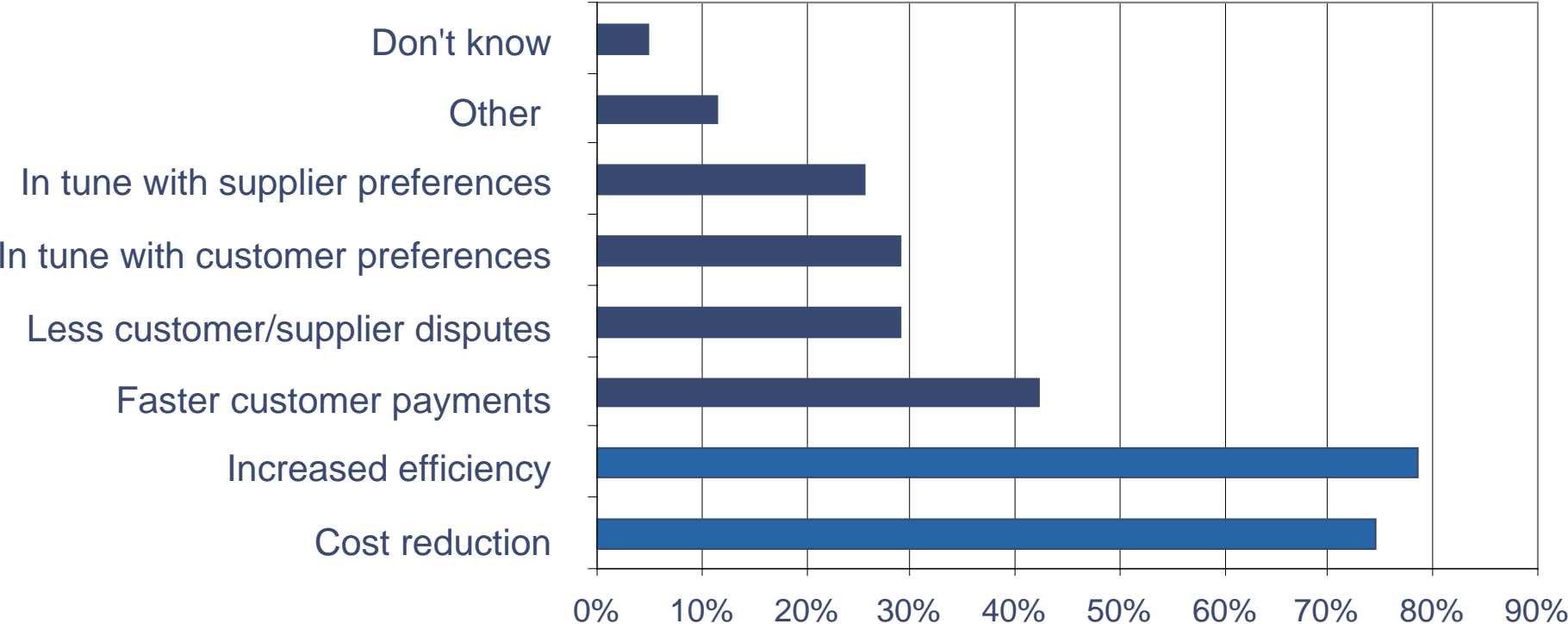


-  Countries considering the possibility to apply E-invoicing
-  Countries applying E-invoicing

Benefits of E-invoicing

“Increased efficiency” and “Cost reduction” are seen as the main benefits of electronic invoicing

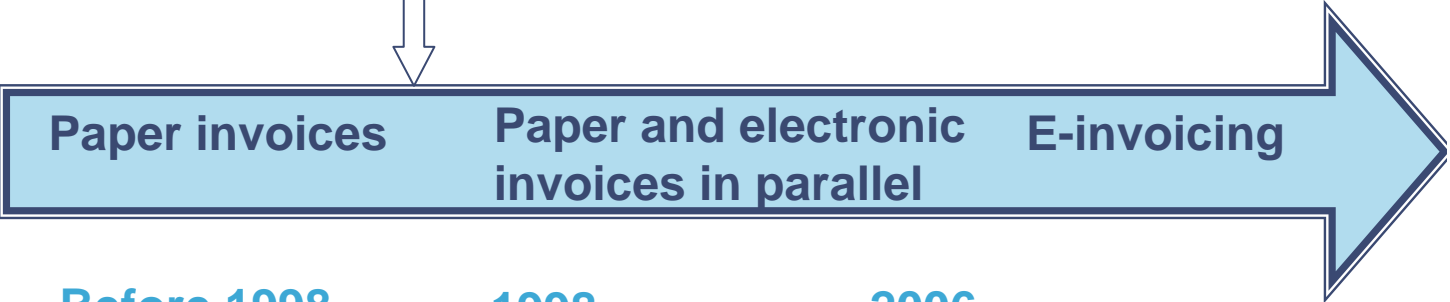
Benefits of E-invoicing



Source: PwC survey of the businesses from 27 EU Member States in 2009

E-invoicing evolution in Europe

Russia?



Before 1998
Paper invoices only

1998
Swiss Post, e-banking

2006
EU VAT Directive

Full implementation of E-invoicing and E-archiving

EU legislative framework

- The recipient of E-invoices needs to agree to receive them;
- There are three methods of E-invoicing system in Europe:
 - Electronic Data Interchange;
 - advanced electronic signatures;
 - other means;
- Issuance of VAT invoice in hard copy is not required at the moment of transaction



Practical approach (1 of 3)

- 2005 – 340 million of E-invoices in the EU;
- 2009 – 1 360 million of E-invoices in the EU;
- The very large companies (with over 1,000 staff) are more likely to be operating E-invoicing than smaller companies

Practical approach (2 of 3)

- Implementation of the three methods has not been consistent throughout the various Member States;
- More than half of the companies that are exchanging invoices electronically still exchange paper invoices in parallel (= “risky business”!)

Practical approach (3 of 3)

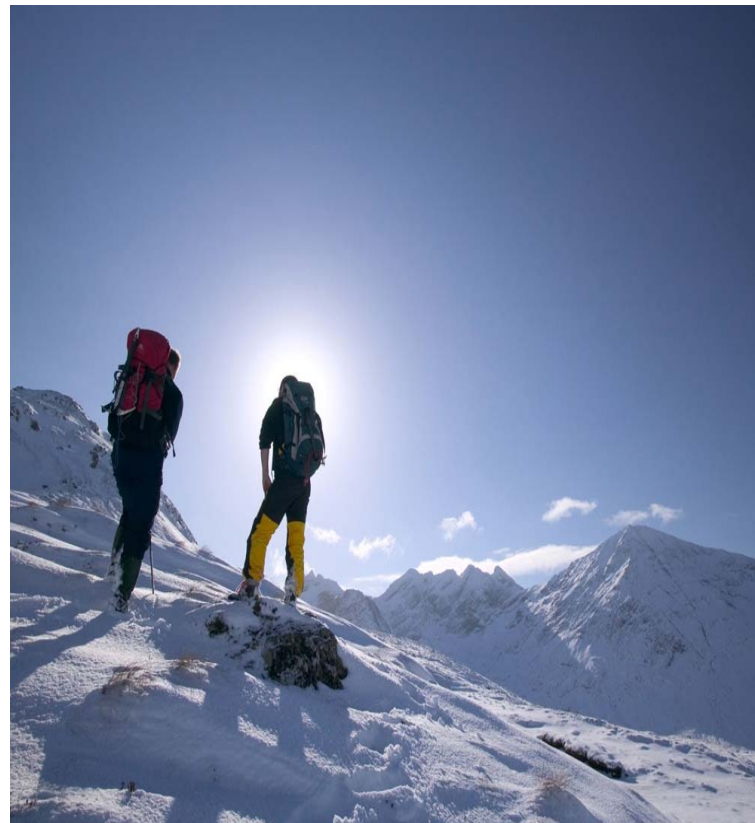
Important barriers to the success of electronic invoicing:

- Subject to additional confirmation with the buyer;
- Readiness and compatibility of customers and suppliers;
- Regulation/legislation/dealing with tax authorities

E-invoicing regulatory in Russia

What will be the impact of the amendments to the legislation?

- ensure there are no VAT obstacles in implementing E-invoicing
- or
- provide sophisticated mechanism of tax control for the authorities



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