

FACe, 2 years of e-invoicing in the Public Administrations

An example of the digital transformation of the Public Administrations with direct impact on the private sector

After two years of the obligation to invoice electronically in the Public Sector, significant steps have been taken in the right direction and there are still numerous steps that need to be taken.

[Law 25/2013, of 27th December, promoting e-invoicing and the creation of the accounting register for invoices in the Public Sector](#), published just over 3 years ago, established the creation of two new concepts in the Public Administrations, under the auspices of controlling late payments by the Public Administrations and promoting e-invoicing. The first was the **Accounting register for invoices**, created as an element of control and regulation of the invoices of the different administrations. The second was the **invoice general entry point**, created as a solution to successfully conclude the computerisation process of the presentation of invoices in the administrations. This process is essential in order to achieve the appropriate control and monitoring for the late payment of the Public Administrations. Even more so, when this Law introduces the concept of accounting registers for invoices and modifies the process flow of an invoice that had been used until then.

The computerisation of the invoice in itself and the new process for its presentation and processing established by the Law not only does not increase the processing periods, but also considerably reduces the processing periods in most cases, on eliminating, for example, the cross-reference periods of the document (invoice) between the different units responsible for their processing or eliminating the manual validation processes of the information contained in the invoice. Not to mention the cost difference of presenting and processing an invoice on paper – €11.67– compared with the cost of presenting and processing in electronic format – €3.56– ⁽¹⁾.

Over these two years, under the auspices of Law 25/2013 and the possibility of adhering to the use of the third party invoice entry point, **the General State Administration has managed to bring together most of the Public Administrations in a unique point of entry for e-invoices**, – [FACE](#), with the economic savings that the sharing of a system of this type represents for the user administrations.

With a model based on a service targeting large and small suppliers and large and small administrations, FACE users have the possibility of using the system **free of charge** regardless of the invoicing volume, degree of computerisation or possibility of economic investment in new technologies.

Over these two years of obligation, **over 100,000 suppliers of national and international goods and services have used FACE as the e-reception point for**

the presentation of their invoices. They have submitted these invoices to over 8,000 Public Administrations adhered to FACe, including all of the Autonomous Communities with the exception of the Basque Country. In this period of obligation, a total of over 14 million e-invoices were presented via FACe.

(1) Source: AMETIC – E-invoicing Savings Report (2016)

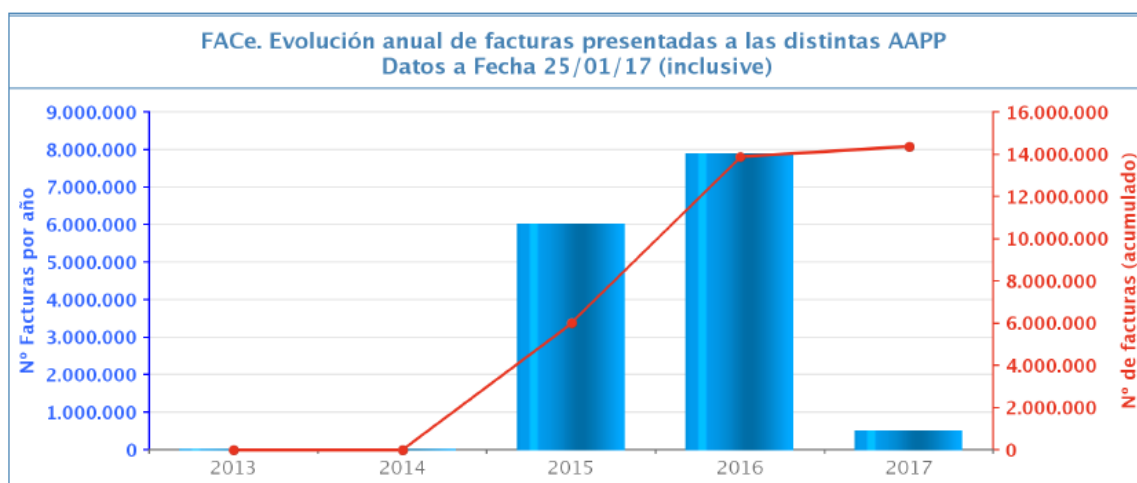


Illustration 1: Graph of the number of invoices presented via FACe

Two clear indicators of the success of e-invoicing and the use of FACe are the percentage of invoices submitted to the different types of administrations in Spain and the percentage of invoices received electronically although there is no obligation to do so – invoices of less than €5,000.

Regarding the first indicator, it is important to highlight that the **Local Entities** represent around 50% of all the invoices received and that the **General State Administration** does not exceed 10% of the total invoices received and distributed in FACe despite being the owner of the entry point.

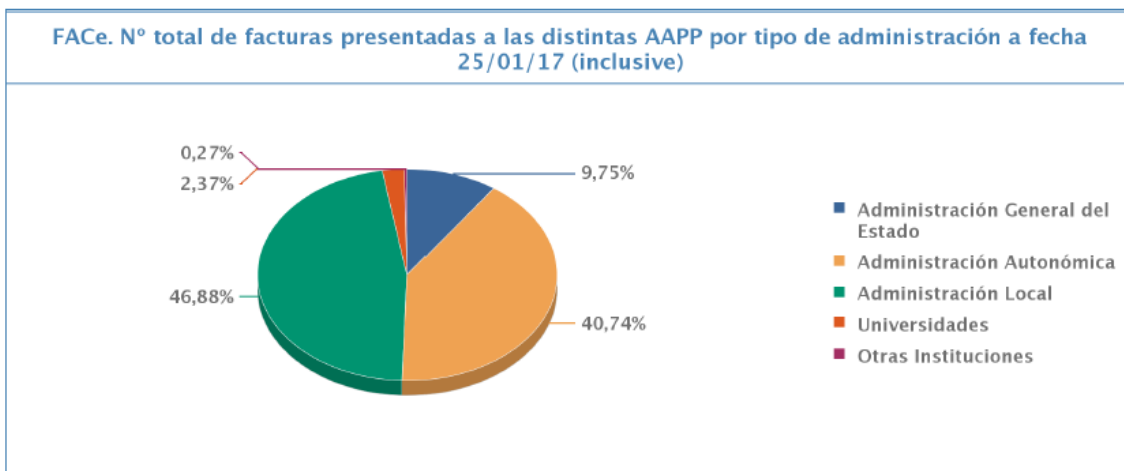


Illustration 2: Distribution of invoices by type of administration

As for the second indicator, it must be highlighted that although Law 25/2013 allows for the exclusion of invoices under €5,000 from e-invoicing, whereby this exclusion has been accepted by most administrations, over **85 % of the invoices presented in FACe are for less than €5,000**, which clearly shows that **suppliers of goods and services recognise the advantages of submitting invoices electronically rather than on paper**, by opting for the new model over the traditional model when they are not obliged to do so.

Such an important change in the presentation of documentation and the internal processing of the Public Administrations is not exempt from some teething problems that must be resolved. Therefore, practically in parallel with the obligation to invoice the Public Administrations electronically, the [E-invoicing Forum](#) was created, the coordination of which is the responsibility of the current Digital Administration General Secretariat.

This E-invoicing Forum, which brings together the Public Sector, represented by the General State Administración, Autonomous Communities and the Spanish Federation of Municipalities and Provinces, and the Private sector, open to interested companies and organisations, which currently includes some of the leading business associations and organisations and some of the large suppliers of the different administrations, tries to reduce or eliminate any difficulties arising in the change process and improve and **refine the model presented in 2013.**

With the collaboration of all of the players, this forum has closed agreements to modify Law 25/2013 or the standards that regulate this Law, and published complementary documentation (technical documents, regulatory documents, etc). It has also served to find out firsthand the main problems that the Private sector may face and to enable it to be aware of and express an opinion on any measures to adopt by the different Public Administrations in order to improve the model.

Always moving towards the homogenisation of any non-harmonised and diverging criteria in the generation, reception and processing of e-invoicing by the Public Sector and the Private sector, so that e-invoicing in the Public Sector is a process that flows with as few obstacles as possible.

Such has been the acceptance of e-invoicing in the Public Sector and the management of this change of model, that on more than one occasion the **private sector has requested not to lose the opportunity to positively**

influence the necessary improvement of the implementation of e-invoicing in the Private sector, particularly in its relations between companies (B2B) in a particularly fragmented sector. For example, a sub-forum has been created within this invoicing forum and a pilot project in response to this need. It also seeks to copy the FACe model in the future for B2B relations.

The Spanish model for the implementation of e-invoicing in the Public Sector and the limited time invested in the change have been used as an example on various occasions by the European Commission, as a success story in the implementation of e-invoicing and e-administration. This has awakened the interest of different countries and shown the rest of the Member States that if all of the players involved are willing and if the appropriate regulatory conditions arise, the evolution from a paper-based model to a model based on the electronic document can be reached properly and on time.

A change of model as set out in Law 25/2013 is not without difficulties, for suppliers (issuer) and for the Administrations (recipient). However, with the effort required by all of the agents involved and the acceptance of the public-private partnership, any obstacle that may arise during this process of change can be minimised.

The acceptance of the current model, its widespread use and the experience obtained over the past two years, point towards a bright future for e-invoicing in Spain, not only in the Public Sector but also in the Private sector.

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