

Studies on obstacles and opportunities for doing business in the region

Study no. 3

Electronic invoicing

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Executive summary

In times of digitization, automated and digitized billing processes have become indispensable. The changeover to e-Invoicing enables saving costs compared to paper invoices. In addition, resources such as personnel, time and raw materials can be saved and errors minimized. Every year there are new requirements in various countries regarding e-Invoicing, as more and more countries are switching to e-Invoicing in the public sector and digitising their invoicing processes.

In the first part of the paper the information about the Law on electronic invoicing is presented, and after that part all benefits and obstacles to E-Invoicing are listed. After that part, the basics for the introduction of electronic invoicing were explained, in the form of Directive 2014/55/EU and European standard on E-Invoicing.

In this report, special attention is paid to the process of digital transformation in each WB country. The process of digital transformation within the study includes a review of the processes of *Electronic fiscalization* and *Electronic invoicing* per each country, as far as the available information and the current situation on these issues in the country allowed. Parliament of Montenegro has adopted Law on Fiscalization in the turnover of goods and services and this provided legal basis for the implementation of e-fiscalization project. The information system for electronic fiscalization is the most complex that has been developed in Montenegro. In addition to that, the next step is to set up an e-invoice system. In order for this to happen, Montenegro needs adequate legislation, eBusiness center (one place where all information will be consolidated: regulations, standards, examples of good practice, national register of recipients of eDocuments), then its standardization and involvement of all actors, education and promotion. Serbia passed the Law on Electronic Invoicing, as part of the digital agenda, and the law entered into force in May 2021, but its implementation was postponed until the establishment of technical and technological conditions, more precisely until the beginning of 2022. When it comes to Albania, in 2021 Albania has adopted a new law which includes the new rules regarding electronic invoicing, and from the second half of the current year it is mandatory. In other countries (North Macedonia, Bosnia and Herzegovina and Kosovo*), not much information is available, due to the lack of concrete action on these issues, but a brief overview of the situation is certainly given.

Before the conclusion, an analysis of the VAT laws of the WB countries is presented. After that part a questionnaire on the topic of *E-invoice* was presented, together with a summary of the received answers. The sample consisted of 18 companies from the Western Balkan region, whose contacts were provided by the Chambers of Economy of each of the Western Balkan countries. Two responses were received from each country. The questionnaire showed that respondents have a certain level of knowledge when it comes to the field of e-invoicing, and that they are largely interested in being included in the process of introducing electronic invoicing in their countries.

Introduction

Electronic invoicing is the exchange of an electronic invoice document between a supplier and a buyer. An electronic invoice (eInvoice) is an invoice that has been issued, transmitted and received in a structured data format which allows for its automatic and electronic processing, as defined in Directive 2014/55/EU.

Digital images, PDF and other visual digital forms of invoices remove the physical element and allow the invoices to be handled and archived in a more efficient way than paper. These formats however still require the invoice to be manually viewed and their data to be manually read and entered into AP systems.

E-Invoices (EI) only contain the data in a structured form and can be automatically imported into AP systems. They do not include a visual presentation of the invoice data although they can be temporarily rendered during processing or transposed into visual formats. For eInvoices, the visual format is secondary and the objective in automation is not to view the invoice, except in irregular cases.

The European Commission has identified e-Invoicing as a key enabler in Europe's move towards a Digital Single Market.

EIs are a global phenomenon. A 2018 EY survey showed that of 82 countries, 57 had EI regulations. Nine countries in Latin America already use EI — Argentina, Brazil, Chile, Costa Rica, Ecuador, Guatemala, Mexico, Peru, and Uruguay — while projects are underway in several other economies, including Costa Rica, Colombia, Guatemala, Panama, and Paraguay. In Asia, Singapore has allowed EI since 2003. Chinese Taipei has made EI mandatory since 2011 for all companies that submit invoices to the finance ministry. EI is used in private-sector settings in several European Union economies, such as Austria, Germany, Sweden, and the United Kingdom. Denmark has made it obligatory since 2005 to use EI for all transactions with the public sector. Italy did the same in 2019. In Africa, Angola, Kenya, and South Africa all have or are considering EI systems¹.

The report will discuss the law on electronic invoicing, as well as the Directive 2014/55/EU and European standard on eInvoicing (EN 16931) as the basis for the law. Also, the current situation in the region when it comes to the law on electronic invoicing is presented, with detailed information on e-invoicing in Montenegro, Serbia and Albania. Finally, a summary of the answers from the conducted e-questionnaire on the topic of e-invoicing is presented.

¹ Where is electronic invoicing in use? - <https://itif.org/publications/2020/03/23/why-countries-should-build-interoperable-electronic-invoicing-system-wto-e>

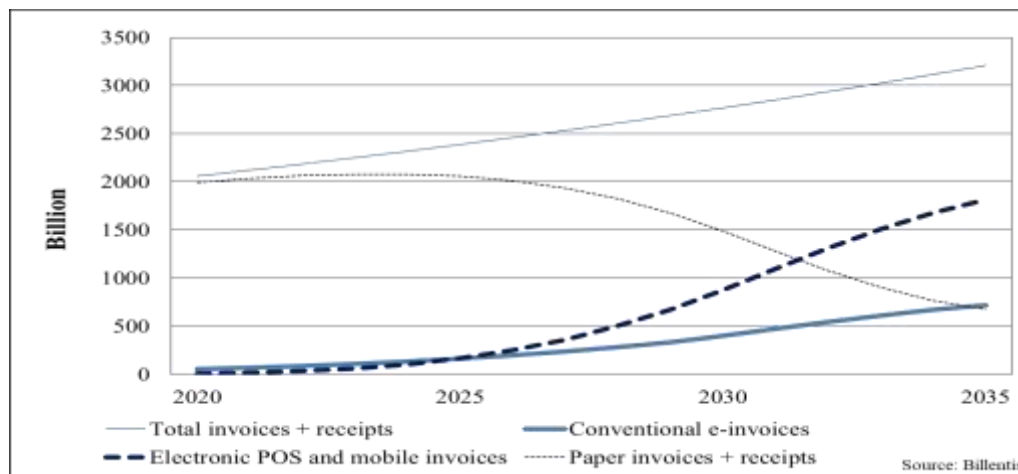
1. EU Legislation

1.1. Law on electronic invoicing - necessity of regulation

By prescribing the obligation of electronic recording in the system of electronic invoices, every obligation to calculate VAT will become visible, which enables control and insight into those transactions in respect of which there is no obligation of electronic invoicing. In this way, it will significantly contribute to the reduction of the VAT gap, as well as to the general success of tax collection and the prevention of tax evasion.

The following graph shows the expected development of global invoice and receipt volumes.

Figure 1: The expected development of global invoice and receipt volumes



Source: *The e-invoicing journey 2019-2025*²

Global e-invoice/e-bill volume is expected to multiply. Several reasons support this prediction. Electronic POS and mobile invoicing is convenient for customers. For businesses, it will also play an important role for purchases at the POS (business lunch, office material, fuel for the company car etc.) and using mobile apps (such as train and flight tickets, as well as parking fees). Increasingly, tax authorities are requiring that customers also authenticate themselves for purchases involving small amounts and that this data is included in the payment confirmation. Otherwise, they can no longer reclaim VAT or consider the expenses as costs in their accounting systems. Hitherto anonymous receipts are substituted by invoices, which can be electronically transmitted to the customer system and processed automatically. For these reasons, electronic POS and mobile invoicing could cause the volume to increase by several factors. It could even reach the same volume as conventional e-invoicing by 2025. Although a majority of this volume would be in the B2C segment, a significant proportion would also be attributed to the B2B segment.

² The e-invoicing journey 2019-2025, Bruno Koch Billentis, Fourth Edition, September 2019

The benefits of electronic invoicing are explained in more detail by the United Nations and the OECD in their documents. They first specify that financial savings are achieved so that there are no transport costs when issuing, sending and archiving electronic invoices. It is further explained that time savings in electronic invoicing are primarily due to the faster process of sending (and delivering), as well as in situations where it is necessary to correct any errors in the invoice itself, or find electronically archived invoices, as it requires less time than searches of paper archives. Also, electronic invoicing saves space since electronic invoices do not need to be issued or stored in paper form. Finally, the mentioned organizations point out in their documents that electronic invoicing contributes to the security of the entire invoicing process as it reduces the risk of document losses, as well as positively affects the efficiency of tax collection and tax gap reduction, especially in the field of VAT.

Some of the reasons for the adoption of the Law on electronic invoicing are:

- Improving the transparency, legal certainty and consistency of the national legal framework governing electronic invoicing;
- Prescribing new legal and technical requirements that an electronic invoice should meet in terms of Directive 2014/55 / EU - because the current laws do not currently contain definitions of an electronic invoice that are in line with Directive 2014/55 EU;
- Establishing visibility in terms of a wide range of transactions between public sector entities, between private and public sector entities, as well as private sector entities in the system of electronic invoices;
- Improvement of the electronic invoice storage regime - will be achieved by provisions that provide their storage in the prescribed electronic format in the electronic invoice system or in certain cases with the information intermediary.

Twelve EU member states have transposed Directive 2014/55/EU by adopting a new law that specifically regulates the area, while fourteen EU member states, relying on their usual legislative practices, have transposed the directive by drafting legal acts of a different nature. The guidelines of the European Multi-Stakeholder Forum on e-Invoicing (EMSFEI) for the transposition and implementation of Directive 2014/55/EU indicate the need to transpose this Directive in the form of a separate law and not exclusively in the form of a bylaw.

The provisions of the Law prescribe the obligation of electronic invoicing in transactions between public sector entities, between private sector entities, and between public and private sector entities, as well as exceptions related to retail trade of goods and services, trade in goods and services financed from funds from international framework agreements. The obligation of electronic invoicing refers to all transactions between private and public sector entities (hereinafter: B2G transactions), when on the one hand there are legal entities and entrepreneurs who are liable for value added tax in terms of the law governing value added tax, and as a second party, a public sector entity, as well as transactions between legal entities, ie entrepreneurs

(hereinafter: B2B transactions), in the case when both the issuer and the recipient of the electronic invoice are subject to value added tax. The reason for the introduction of the obligation of the electronic invoicing regime in B2B transactions is the focus on reducing the VAT gap. The prescribed provisions represent a carefully weighed balanced solution according to which the obligation of electronic invoicing applies only to VAT payers, while other private sector entities that have the obligation to issue invoices in accordance with special laws, have the possibility but not the obligation to use electronic invoicing and issue or receive electronic invoices.

The basic elements that an electronic invoice usually contains are prescribed. When editing the content of the electronic invoice, care was taken to harmonize with other special laws which prescribe the obligation to issue invoices. The prescribed content of the electronic invoice, as well as a certain format that will be regulated in more detail by a bylaw, implies the harmonization of the electronic invoice with the national standard of electronic invoicing.

Under the Connecting Europe Facility (CEF), EU funding is available to support eInvoicing activities. Every year, call for grants are launched to select projects which can use EU money to set-up, upgrade and deploy eInvoicing solutions.

1.1.1. Benefits and obstacles to E-Invoicing

Compared to paper invoices, eInvoices are easier to process, they reach the customer faster and can be stored centrally at very low cost. There are predictions for potential annual benefits of up to €40 billion across Europe in the business-to-business field alone.

Some of the main benefits from eInvoicing include:

- faster retrieval of money from customers by reducing the time an invoice or payment is in the post;
- reduced printing and postage costs;
- quicker and cheaper processing as the information in electronic invoices can be fed directly into a company's payment and accounting systems;
- lower storage costs;
- reduced training and system development costs.

The adoption of eInvoicing in the public sector can make various contributions to economic well-being:

- it contributes to public policy priorities such as public-sector deficit reduction, financial transparency and promotion of sustainable development;
- it will specifically make a material contribution to public sector cost reduction and efficiency;

- it will also provide benefits to private sector suppliers and create opportunities for the public sector to act as a catalyst for the wider adoption of digital processes in common with the private sector.

In addition to the above, the European Commission report³ provides an in-depth analysis of the benefits of implementing electronic invoicing in line with the eInvoicing Directive. This updated report is based on information provided by national-level representatives from 16 Member States⁴ who participated in the data collection of the study.

Based on the data collected, the most frequently encountered eInvoicing benefits are the **reduction of costs and operational savings, reduction of administrative burden, reduction of processing errors** and **environmental impact reduction** (mentioned as an additional benefits of the eInvoicing implementation – not in scope of the research areas of this study). Another major benefit identified by 3 respondents is the **reduction of time-to-payment** ranked as the fifth most important benefit. For a purpose of consistency, the four following benefits (i.e. **reduction of processing errors, enhancement of eProcurement automation, greater access to digital data to aid and improve decision making** and **reduction of intermediaries in eInvoicing processes**) can be classified under the “Contribution to B2G eProcurement lifecycle” research area. Lastly, **facilitation of cross border** trader comes at the ninth position over ten propositions. Based on desk research and ongoing onboarding activities managed by the CEF eInvoicing team, this “low” ranking can easily be explained by the lack of interoperability within the internal market when exchanging eInvoices.

From the other side, e-Invoicing faces obstacles such as:

- eInvoices are produced in a wide range of formats and according to many different standards. This hinders the smooth transfer of an e-invoice from one place to another, and prevents the realisation of the full benefits and cost savings of e-invoicing;
- variation in national rules which govern the validity and acceptability of e-Invoices in legal, financial and administrative terms. This makes their use in cross-border transactions within the EU difficult;
- many potential users have concerns about the security of e-invoicing systems and the potential for misrepresentation in fraud.

³ D6.01 Updated Benefits Analysis on the implementation of Directive 2014/55/EU - https://ec.europa.eu/cefdigital/wiki/pages/viewpageattachments.action?pageId=82773147&sortBy=date&highlight=Analysis+of+benefits+of+implementing+eInvoicing_.pdf&&preview=/82773147/327713104/SC233_D6.1_Update%20of%20the%20Benefits%20Analysis%20of%20the%20Directive%20201455EU%20implementation_vf.pdf

⁴ Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Poland, Slovakia, Slovenia and Sweden

1.2. Directive 2014/55/EU⁵

A Directive forms part of the EU's secondary law. It is therefore adopted by the EU institutions in accordance with the founding treaties. Once adopted at EU level, it is then incorporated — or transposed — by EU countries so it becomes law in their countries. The countries must ensure the development of appropriate tools and means to reach these goals and implement the requirements of the Directive.

An electronic invoice (eInvoice) is an invoice that has been issued, transmitted and received in a structured electronic format which allows for its automatic and electronic processing, as defined in Directive 2014/55/EU.

Core elements of an electronic invoice means a set of essential information components which an electronic invoice must contain in order to enable cross-border interoperability, including the necessary information to ensure legal compliance. The core elements of an electronic invoice are, inter alia:

- | | |
|---|-------------------------------------|
| a) process and invoice identifiers; | g) contract reference; |
| b) the invoice period; | h) delivery details; |
| c) seller information; | i) payment instructions; |
| d) buyer information; | j) allowance or charge information; |
| e) payee information; | k) invoice line item information; |
| f) seller's tax representative information; | l) invoice totals; |
| | m) VAT breakdown. |

In the context of the eInvoicing Directive (text with EEA relevance), the EU Member States have the obligation to transpose the Directive in the national legislation and implement Business to Government (B2G) eInvoicing in line with the Directive requirements. The Directive initially aimed to offset the prevalence of multiple standards among the Member States and to decrease complexity in terms of domestic and cross-border interoperability for eInvoicing. To help address these challenges, the European Commission appointed the European Committee for Standardization (CEN TC/434) to develop the European standard on eInvoicing (EN).

The EU Member States had the obligation to transpose the legislation at national (i.e. by 18 April 2019) and at sub-central levels (i.e. by 18 April 2020). The transposition of the Directive means that the *"Member States shall ensure that contracting authorities and contracting entities receive and process electronic invoices which comply with the European standard on electronic invoicing whose reference has been published pursuant to Article 3(2) and with any of the syntaxes on the list published pursuant to Article 3(2)"*⁶.

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2014:133:TOC>

⁶ Directive 2014/55/EU in public procurement, Article 7

The European standard includes a list of all business terms that should be used in a compliant invoice and defines how they shall be understood and processed. The core invoice also includes business rules that enable trading partners to exchange structured eInvoices in general trade circumstances. The implementation of the Directive 2014/55/EU and the European standard on eInvoicing aim to harmonise the way eInvoices are exchanged and to allow interoperability across the EU. These objectives contribute to the functioning of a European Digital Single Market and to smoothing digital exchanges.

The European Parliament and the Council of the European Union, having regard to the:

- Treaty on the Functioning of the European Union,
- proposal from the European Commission,
- opinion of the European Economic and Social Committee,
- opinion of the Committee of the Regions,

and after transmission of the draft legislative act to the national parliaments, and acting in accordance with the ordinary legislative procedure, adopted a Directive 2014/55/EU.

The directive is justified by 44 claims, and is prescribed through 14 articles.

1.3. European standard on E-Invoicing

The European standard on eInvoicing (EN 16931)⁷ was developed and published by the European Committee for Standardization (CEN), at the request of the European Commission. The European standard on eInvoicing (EN16931), defines the structure of an eInvoice and various options for the transmitting the invoice.

A key objective of the European standard on eInvoicing (EN) is to make it possible for sellers to send invoices to many customers by using a single eInvoicing format and thus not having to adjust their sending and/or receiving to connect with individual trading parties. To achieve this, the European standard on eInvoicing defines the core elements of an electronic invoice in a semantic data model. The definition of the semantic data model is documented in part 1 of the European standard includes a list of all business terms that may be used in a compliant invoice, and defines how they shall be understood and used. The core invoice includes common business terms and business rules that enable trading partners to exchange structured electronic invoices in general trade circumstances.

Since 2010 until June 2020, the European Multi-Stakeholder Forum on eInvoicing (EMSFEI), brought together stakeholders from national eInvoicing forums and from the user side of the market. On June 24, 2020, the 17th meeting of the Forum was held. Its objective was to help

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<https://ec.europa.eu/cefdigital/wiki/display/CEFDIGITAL/Obtaining+a+copy+of+the+European+standard+on+eInvoicing>

pave the way for a broad-scale adoption of eInvoicing at national and EU-level. The Forum created a unique opportunity to exchange experiences and best practice across borders. It also discussed issues of common interest and issued recommendations to the Commission. The EMSFEI sub-groups' addressed specific topics relevant to the eInvoicing implementation phase ahead. The sub-groups were formed for a 6-month period during which its members produced documents on specific challenges to the eInvoicing community.

2. Detailed analysis of each Western Balkan economy – Digital Transformations and Legal Frameworks

2.1. Albania

E-invoicing in Albania

In 2021 Albania has adopted a new law which includes the new rules regarding electronic invoicing. With the implementation of *Law no. 87 2019 On electronic invoice and turnover monitoring system*, Albania establishes a new invoicing and financial control model called the *Audit System*. One of the hallmarks of this system is the mass adoption of the electronic invoicing system by the whole of the Albanian business community.

The new Audit System aims to modernize the taxation model according to European standards to reduce tax fraud, simplify tax processes, and to improve overall tax collection.

The project has been implemented by the Albanian General Directorate for Tax⁸ and the National Agency for Information Society NAIS⁹. With this new Law, all taxpayers who issue invoices, public organizations, and also banks, financial institutions, and other intermediaries who offer electronic invoice payment services, are affected.

These requirements are valid since January 1, 2021. So, since this 2021, certain groups are obliged to replace the traditional paper invoice with an electronic format.

Implementation timeline is as follows:

- B2G services (*as from January 1, 2021*) - Taxpayers who issue invoices for services to government entities;
- B2B services (*as of July 1, 2021*) - Taxpayers carrying out supplies to other entities;
- B2C services (*as of September 1, 2021*) - Taxpayers who supply goods and services to customers who are not registered for tax purposes, if payment is not made in cash.

The Audit System requires the declaration of invoices issued by taxpayers in real time to the Albanian General Directorate for Tax (DPT). The government has therefore implemented a central invoicing platform called the Central Information System (CIS). All invoices must be sent to the CIS for validation. The DPT validates invoices by assigning a unique code called the NIVF. The DPT then generates PDF invoices with a QR code which includes the NIVF code. These invoices can be downloaded or printed from the CIS platform.

⁸ Drejtoria e Përgjithshme e Tatimeve – DPT - <https://www.tatime.gov.al/eng/>

⁹ Agjencia Kombëtare e Shoqërisë së Informacionit – AKSHI - <https://akshi.gov.al/>

The government has stated that the new tax audit system has been chosen because it *“guarantees the leverage of the latest technology based on the European Union’s standards and allows for better and more adaptable opportunities for the Albanian Economy.”* Through this system, taxpayers will be able to immediately verify the status of invoices and see if they have been correctly declared. This will have a positive impact on transparency and will help reduce the informal economy.

Electronic fiscalization in Albania

A new law on fiscalization¹⁰ was approved by the Albanian parliament on 18 December 2019, and published in the official gazette on 20 January 2020. As outlined below, the measures in the law become effective on different dates.

The law provides for a combination of technology and regulations enabling the Albanian tax authorities to monitor taxpayers’ turnover in real time and, according to the tax authorities’ website, “fiscalization” is a reform project intended to reduce the size of the “grey” economy. The law on fiscalization is an entirely new law that does not replace any existing similar legislation. The law on fiscalization is partially aligned with EU directives 2014/55 on electronic invoicing in public procurement and 2006/112, the VAT directive.

The provisions of the law will be implemented gradually in accordance with the following:

- *1 September 2020:*
 - Cash transactions by taxpayers subject to VAT and corporate income tax (CIT) with an annual turnover exceeding ALL 8 million;
- *1 January 2021:*
 - Cash transactions by taxpayers subject to VAT and simplified CIT with an annual turnover between ALL 2 million and ALL 8 million;
 - Cash transactions by taxpayers subject to simplified CIT with an annual turnover not exceeding ALL 2 million; and
 - Cashless transactions between taxpayers and public government bodies;
- *1 July 2021:*
 - Cashless transactions between taxpayers.

All taxpayers will need to implement a “fiscalization system,” i.e., fiscal equipment and software solutions for the purposes of issuing and receiving sale invoices and accompanying invoices, communicating with the tax authorities via a central invoicing platform, performing fiscalization procedures and electronic exchange of messages, by using a secure network for data transfer via an internet connection. The central invoicing platform will be established, developed,

¹⁰ Law No. 87/2019, “*On electronic invoice and the turnover monitoring system*”

maintained, and administered by the National Agency for Information Society (NAIS); however, the data exchanged through the platform will be managed by the Albanian tax authorities.

2.2. Bosnia and Herzegovina

There are limited informations about digital transformation, especially in the section about electronic invoicing system, when it comes to Federation of Bosnia and Herzegovina.

When it comes to electronic fiscalization, at the level of Federation of Bosnia and Herzegovina, there is no single law on fiscalization, so both entities regulate this area according to their own legislation. The Ministry of Finance justifies the decision on the new fiscalization by modernizing the outdated system, suppressing unfair competition and reducing the gray economy. They say they expect increased control over the supply of goods and services and increased tax revenues. The Republic of Srpska Tax Administration will download data from the fiscal device through its application, on the basis of which it will know how every businessman in that Federation of Bosnia and Herzegovina entity acts. According to preliminary estimates, the initial costs of fiscalization will be around 25 million euros, and the entity authorities claim that they will cover the complete costs. Of this amount, EUR 18.5 million will be allocated for the fiscalization management system, while EUR 6.5 million will be spent on subsidizing the device.

As already mentioned, in Federation of Bosnia and Herzegovina, the laws related to eFiscalization and eInvoices are at the entity level. There is a difference because the Republic of Srpska has done a lot in the sense that there are accompanying documents and the announcement that eFiscalization will be done by the end of the year, and accordingly, technical preparations have already been made - the Tax Administration introduced the SAP system, which completely facilitated the introduction of eInvoices and eFiscalization.

The situation in the Federation of Bosnia and Herzegovina is stagnant and there are no announcements that it will work on the e-Fiscalization system. It is even announced that new cash registers will be introduced according to the old system. E-Invoice is not processed in laws nor is it harmonized issuance. Also, the law did not regulate this area in any entity, so there is no model for submitting invoices and delivery notes, for example. When it comes to VAT, the Indirect Taxation Authority is ready for eFiscalization, but its introduction does not depend on the Administration itself.

In addition, the interoperability framework at the level of fiscalization or eInvoice has not been developed at the level of Federation of Bosnia and Herzegovina, so this will become a special problem with the emergence of entity solutions. There are no specific strategies or policies related to these areas, nor any specific trainings.

According to estimates made in the Digital Transformation of Federation of Bosnia and Herzegovina Edition, published by FTC of Federation of Bosnia and Herzegovina¹¹, annual savings based on eFiscalization and eInvoices would not be less than EUR 100 million for business entities.

2.3. Kosovo*

Kosovo* Chamber of Commerce conducted a research¹² in order to learn more about level of SMEs digitalization, while trying to find clues about the overall questions for this topic. The baseline study shed light on all these questions and led to the following key findings:

- There is a high awareness that digitalisation matters for future business;
- Kosovo* Industry is digitally divided;
- Skilled workforces, knowledge and financial means are key barriers for digital transformation in Kosovo*;
- Many firms are struggling to meet customer expectation, but they believe that digitalisation can help them to do better in the future;
- The responsibility for digitalisation lies with the management Kosovo* firms - they already investments in digital solutions, but not in IT security.

The recommendations, deducted from these key findings, tackle two levels. On one side, the digital support infrastructure shall be improved in order to provide need-based and tailor-made support for SMEs, which are interested in digital transformation. On the other side, support programmes are needed to stimulate future investments urgently needed by many SMEs in Kosovo.

In addition to the above, in September of the current year (2021), a meeting of Kosovo* and Albanian officials was held¹³. This meeting included the cooperation and exchange of experience of the Albanian Tax Administration in the implementation of the Fiscalization process. Also, representatives of the working group for fiscalization in General Directorate of Taxation of Albania presented some extensive information materials on this reform, such as: a) content of electronic invoice, b) presentation of elements of electronic invoice, c) content of risk register, d) Measurement and evaluation of the whole process, etc.

¹¹ https://www.komorabih.ba/digitalna_transformacija/

* This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence

¹² Digitalization of Businesses in Kosovo* - Kosovo* Chamber of Commerce, December 2019

¹³ <https://www.tatime.gov.al/d/8/45/0/1670/dpt-takim-me-atk-ne-per-bashkepunim-rreth-e-fatures>

It is not possible to find concrete conclusions reached at the mentioned meeting, as well as other information regarding e-invoices and e-fiscalization on the territory of Kosovo*.

2.4. Montenegro

The continuous work of the Government, and in cooperation with representatives of the business sector, in the previous period has created strong and sustainable preconditions for the accelerated development of the digital society and economy. Montenegro's strategic goals in the field of ICT are identical to those defined by the Digital Agenda 2020 for Europe and the vision of the Gigabit Society until 2025. Montenegro has fully harmonized its regulations with the regulatory framework of the European Union and the EU's policies and regulatory solutions, which has provided investors with a stable investment environment. Creating conditions for the dynamic development of new generation networks; continuous improvement of e-services; and wide application of ICT in the work of public administration, economic activities and society as a whole, are the medium-term program goals of the Government¹⁴.

E-invoicing in Montenegro

Business community assessed that it is necessary to create an environment for the introduction of eInvoices in business. The state must act faster by adopting the necessary, quality regulations and staffing in order to create an efficient administration in order to realize the process of digitalization, and help the economy to take advantage of the opportunities it provides. These activities started with the introduction of electronic fiscalization and together represent important elements of the introduction of eBusiness in economic and public life. eBusiness has been one of the strategic pillars of the Strategy for the information society development, and will certainly be an integral part of the Digital Transformation Strategy, which is being drafted. Work on the development of the Digital Transformation Strategy of Montenegro is an ideal opportunity to define strategic commitments towards the implementation of eInvoices, adopt appropriate policies and define an Action Plan. This would significantly speed up not only the generation of invoices, but also their exchange and processing of invoices, reduce the costs of preparation, processing and distribution and facilitate the monitoring of delivery, billing system and VAT liabilities.

Business community also emphasized the benefits of e-business. The advantages of eBusiness are reduction of costs (paper, printing, sending ...) as well as spending time of employees, increasing productivity, fast return on investment in the eBusiness system, faster and more reliable delivery and processing of eDocuments, automation and integration of procedures,

¹⁴ <https://www.itu.int/en/myitu/News/2020/07/14/09/46/How-Montenegro-is-boosting-digital-innovation>

reduction of errors, better efficiency, greater security, centralization of information, monitoring the flow of the process, and faster and more secure archiving of documents.

In this process, **Montenegro needs adequate legislation, eBusiness center** (one place where all information will be consolidated: regulations, standards, examples of good practice, national register of recipients of eDocuments), then its **standardization and involvement of all actors, education and promotion**.

The current legislation is not an obstacle to the implementation of eInvoices in Montenegro. Implementation is possible without too much intervention on the laws, with only the improvement of bylaws. It is necessary to implement standardization in this area (eInvoicing), harmonization with EU regulations, and connection of the electronic invoice with the laws on VAT and electronic document. The amendments to the Law on Electronic Document aim to harmonize with the regulations governing electronic identification and electronic signature, as well as to extend its application to independent and regulatory bodies, as well as public services. Also, European standards in this area need to be adapted to national needs.

A survey conducted before the panel showed that **in Montenegro there is a misunderstanding of the essence of eInvoices** and that work should be done in the segment of user education.

The drafting of the Digital Transformation Strategy with the Action Plan 2022-2024 is underway (public debate is over, pending adoption). The Action Plan of the Digital Transformation Strategy, related to eInvoices, envisages the following:

2.3.2.2 Preparation of the Analysis of necessary activities for the full implementation of eInvoices, with the identification of obstacles to the institutional implementation of eInvoices;

2.3.2.3 Amendments to the legislation in order to enable the implementation of eInvoices based on analysis.

The Institute for Standardization of Montenegro has adopted the standard MEST EN 16931 - 1: 2020 Electronic invoicing part 1 Semantic data model of the basic elements of electronic invoicing¹⁵, and published it on December 14, 2020. Public and private sector organizations can use the semantic model to invoice public procurement and invoice between private enterprises.

The organizers of the panel proposed to the Ministry of Public Administration, Digital Society and Media to sign a regional initiative for the introduction of eInvoices and their exchange within and between the signatory states at the upcoming Digital Summit of Western Balkans, and also suggested that one of the summit topics can be: *eBusiness and eInvoices: Cross-border operability in the exchange of eDocuments between the countries of the region.*

¹⁵ <https://isme.me/en/project/show/isme:proj:27904>

Electronic fiscalization in Montenegro

Montenegro has made great efforts to fight the gray economy and shadow labor market by sanctioning irregular business operations, demonstrating that it is striving for progress, a modernized tax system, and harmonization with the legislation of the European Union. The tax system of Montenegro treats foreign investors and domestic economic entities the same, which is of great importance for attracting investors.

The tax system in Montenegro consists of:

- | | |
|------------------------------|----------------------------------|
| a) corporate income tax; | e) social security contributions |
| b) personal income tax; | f) excise duties |
| c) value added tax; | g) fees; |
| d) real estate transfer tax; | h) customs duties. |

One of Montenegro's main goals is to join the EU, and one of the fundamental conditions for accession is the closure of Chapter 16, which refers to tax harmonization achieved through the coordination of the tax systems of EU member states in order to avoid national tax measures that could negatively affect the functioning of the EU's internal market. The most important step in this direction is the implementation of the twinning project "Support to the Tax Administration," funded by the EU, which implements the International and Ibero-American Foundation for Administration and Public Policies (FIIAPP) with the Tax Administration of Spain and the Tax Administration of Montenegro as twinning partners. The FIIAPP is a public-sector foundation under the Kingdom of Spain which works to improve public systems in more than 100 countries by managing international cooperation projects. This project has helped Montenegro to further align its legal framework in the area of indirect and direct taxation and tax policies and represents the first twinning project implemented in the Tax Administration of Montenegro¹⁶.

Montenegro is working to improve its tax system by adopting new tax solutions, in particular through the "Tax Administration Reform Project in Montenegro," which is projected to last until March 2023, and which consists of four components:

- | | |
|--------------------------------|---------------------------------------|
| (I) Institutional Development, | (III) Taxpayer Services, and |
| (II) Business Processes, | (IV) Electronic Account Fiscalization |

Parliament of Montenegro has adopted Law on Fiscalization¹⁷ in the turnover of goods and services and this provided legal basis for the implementation of e-fiscalization project which will enable delivery of the data about the turnover of products and services to the Tax Administration in real time, via Internet connection and fiscal service. The transitional period for the

¹⁶ CEE Legal Matters, In-Depth Analysis of the News and Newsmakers That Shape Europe's Emerging Legal Markets, Year 7, Issue 9, October 2020, page 73 http://ceelegalmatters.com/Magazines/ISSUE_CEELM_7.9_free.pdf

¹⁷ Law on fiscalization in trade of products and services, Official Gazette of Montenegro, No. 46/2019, 73/2019 and 8/2021 <https://me.propisi.net/zakon-o-fiskalizaciji-u-prometu-proizvoda-i-usluga/>

implementation of the new system will last until 1st of June 2021, when it will be possible to use the old and new methods of issuing invoices together.

In accordance with the Law, three rulebooks that define the area of electronic fiscalization in the trade of products and services in real time for cash and non-cash transactions have been drafted¹⁸. The Law, together with these rulebooks, applies from 2021. Moreover, the Government of Montenegro plans to amend the tax laws, especially the Law on Value Added Tax, in order to harmonize them with the the Law.

Electronic fiscalization has shown that everything can be done easier, faster and technologically much more advanced. The information system for electronic fiscalization is the most complex that has been developed in Montenegro.

2.5. North Macedonia

Government institutions stated that introducing state guarantee scheme, tax calendar, e-invoice, are just few of the requests that will be implemented in the coming period. Relevant laws will be screened and draft rulebook will be prepared pertaining to the e-communication, submission, transmission and receipt of the e-invoice. No specific time limit has been defined for the all above.¹⁹

Tax system reform strategy (2020-2023)²⁰ highlights a wealth of relevant information in the country's tax framework. It is also outlines five priorities for tax policy and tax administration: Priority 1 – Increase Fairness of Taxation, Priority 2 – Improve Revenue Collection Through Increased Efficiency and Productivity of the Tax System, Priority 3 – Increase Tax Transparency, Priority 4 – Improve Quality of Services, and Priority 5 – Introduce Green Taxation. In the fourth priority, measure 1 - *Improving services for citizens and companies, Activity 4.1.3. Introduction of paperless customs environment* is envisaged, and that is the part of the strategy that is important to mention from the aspect of this study, in addition to all other relevant information on the tax system. Mentioned strategy also highlighted the most important types of taxes and contributions in North Macedonia, and they are as follows: Income Taxes, Value Added Tax, Excise Duties, Import Duties, Social Security Contributions, Property Taxes.

¹⁸ Everything about ELECTRONIC FISCALIZATION in one place:

<https://upravaprihoda.gov.me/rubrike/aktuelnosti/232806/Sve-o-ELEKTRONSKOJ-FISKALIZACIJI-na-jednom-mjestu.html>

¹⁹ <https://finance.gov.mk/besimi-chamber-of-commerce-of-macedonia-state-guarantee-scheme-tax-calendar-and-e-invoice-to-be-introduced/?lang=en>

²⁰ https://finance.gov.mk/wp-content/uploads/2020/02/Tax-Strategy_2020_2023.pdf

2.6. Serbia

Digital transformation in Serbia is based on the following laws and strategies: Law on electronic invoicing, E-government law, Law on electronic document, electronic identification and trust services in electronic business, Law on fiscalization and Strategy for the development of digital skills in the Republic of Serbia for the period from 2020 to 2024. More about Law on Electronic Invoicing and Law on fiscalization, will be discussed below.

E-invoicing in Serbia

In April 2021, the National Assembly of the Republic of Serbia passed the Law on Electronic Invoicing²¹, as part of the digital agenda. The law will contribute to the reduction of administration and environmental protection. The law entered into force on May 7, 2021, but its implementation was postponed until the establishment of technical and technological conditions, more precisely until May 2022.

The law is specifically regulated for public sector entities and private sector entities. The beginning of the application of the Law for public sector entities is prescribed as follows²²:

- The obligation to issue electronic invoices to other public sector entities starts from 01.05.2022. (G2G);
- The obligation to receive and keep electronic invoices issued in accordance with the Law starts from 01.05.2022.
- The obligation of electronic recording of VAT calculations in the system of electronic invoices starts from 01.05.2022.
- The obligation to issue electronic invoices to private sector entities starts on July 1, 2022. (G2B).

The beginning of the application of the Law for private sector entities is prescribed as follows:

- The obligation to issue electronic invoices to public sector entities starts from 01.05.2022. (B2G);
- The obligation to receive and keep electronic invoices issued in accordance with the Law starts on July 1, 2022.
- The obligation to issue electronic invoices to private sector entities and perform other obligations in accordance with the law starts from 01.01.2023. (B2B).

²¹ Law on Electronic Invoicing ("Official Gazette of RS", No. 44/2021) - <https://www.paragraf.rs/propisi/zakon-o-elektronskom-fakturisanju.html>

²² According to the Law on Amendments to the Law on Electronic Invoicing (*adopted on December 23, 2021*)

Pursuant to the above, with the adoption of the amendments, the deadlines of the Law on deadlines for settlement of financial obligations in commercial transactions and the Law on Accounting would cease to apply.

As may be inferred from the foregoing, compulsory e-Invoicing is going to be introduced in Serbia in three phases from 1st May 2022. Serbia can look forward to a quicker turnaround in settling invoices. There will be no more issuing, receiving and storing of paper-based invoices, which will not only make day-to-day administration easier, but will also increase transparency for transactions made. Equally, this mandate serves to ensure that VAT is being paid, thus combatting the underground economy. This will make a significant contribution to closing the VAT gap and making it harder to evade tax, this increasing the tax yield.

This law directly affects: Companies in the private sector which are liable for VAT, Public sector organisations and VAT representatives for foreign companies.

Any business not obligated to issue e-invoices may still do so on a voluntary basis, on the condition that the company either pays income tax on self-employed work or is liable for corporation tax.

E-invoices must be sent and received in accordance with the Serbian e-invoicing standard²³ (as defined by the National Standardization Body of the Republic of Serbia). However, this standard is not yet publicly available. Invoice data may be transmitted through a service provider, or, if the technology is available, directly to the platform.

Once the e-invoice has been successfully sent, the recipient has 15 days to accept or decline it. Should the recipient not react, the sender is informed and the deadline is extended by 5 days. If the recipient still doesn't react, the invoice is marked as declined. Accepted invoices are archived in government agencies in perpetuity. For companies in the private sector, an invoice needs to be archived for ten years. The ten years begins at the end of the calendar year in which the invoice was issued.

Penalties are planned for not complying in the following ways: Invoices are not being digitally issued, Invoices are not being digitally received and Payment is not being based on the e-invoice.

The above violations carry penalties in the range of 200,000 dinar (around 1,700 EUR) to 2,000,000 dinar (around 17,000 EUR) for private persons, legal entities or public companies. There is also a fine for the person deemed responsible for the violation in the range of 50,000 dinar (around 420 EUR) to 150,000 dinar (around 1,270 EUR). The penalty terms can be found in articles 18-21 of the Serbian Law on Electronic Invoicing ("Official Gazette of RS", No. 44/2021).

Serbia is a pioneer among the EU Member States in implementing a legal B2B e-invoicing mandate to promptly monitor and check VAT payments. Alongside France and Poland, Serbia is

²³ <https://iss.rs/en/project/show/iss:proj:76472>

following the trend towards compulsory B2B e-invoicing in Europe, initiated by Italy. It is expected that other European countries will follow suit, just like how e-invoicing started in Latin America around a decade ago and has since spread.

Electronic fiscalization in Serbia

The new Law on Fiscalization²⁴, after adoption of the Law on Amendments to the Law on Fiscalization in October, envisages the beginning of the transition period from November 1, 2021, and since then taxpayers will be able to gradually move to a new model of fiscalization. The deadline for the complete transition to the new fiscalization model has been extended so that taxpayers will be obliged to fully switch to the new model by April 30, 2022.

Detailed analyzes of the existing fiscalization system were performed and it was determined that there is a need for its improvement. The goal is more efficient control of economic entities and better tax collection, as well as the suppression of the gray economy and equal conditions for all market participants.

This can be done by tracking each account in real time. The Tax Administration will transfer data on issued fiscal invoices via a permanent internet connection.

The key innovations brought by the new Law on Fiscalization are related to the procedure of issuing fiscal invoices. The Tax Administration expects that there will be a reduction in the size of the gray economy and better tax collection with electronic fiscalization of accounts. Namely, the control of taxpayers will be performed more efficiently and the number of possible attempts at tax evasion will be reduced. Very important information is that the new system of fiscalization will be completely free for taxpayers.

²⁴ Law on fiscalization, Official Gazette of Serbia, No. 153/2020, 96/2021 <https://www.paragraf.rs/propisi/zakon-o-fiskalizaciji-republike-srbije.html>

3. Analysis of the VAT laws of the Western Balkans countries

Annex 1 of this document shows the parts taken from the VAT laws of all Western Balkan countries, while this part shows the conclusions drawn from the analyzed parts of the laws related to the topic of e-invoicing.

Only the VAT Law in Bosnia and Herzegovina does not recognize electronic invoicing in any part. The law in Serbia and in Montenegro recognizes electronic invoicing only in part of its definition, and in an identical manner. In Montenegro, a taxpayer may issue an invoice in electronic form, if he has the prior consent of the recipient of the invoice, in accordance with the law governing the electronic document. In Serbia, a taxpayer may also issue an invoice in electronic form, with the consent of the recipient of the invoice, as well as without the consent of the recipient when the law does not require it.

On the other hand, the VAT laws in Northern Macedonia, Kosovo* and Albania contain parts related to electronic invoicing on a larger scale. The law in Albania, in addition to the basic definition of electronic invoicing, also elaborates the part related to electronic invoice signing, electronic storage, in order to ensure the authenticity of the invoice.

The Law on VAT of Kosovo* also stipulates that a taxpayer may send an invoice in electronic form, in addition to a paper one. In addition, the Law states that special obligations or formalities related to the issuance will be defined by a bylaw issued by the Minister of Finance, as well as that the preparation and maintenance of invoices and all other tax documents will be approved only by the General Director of TAK (Tax Administration of Kosovo) upon receipt of a written request in this regard from the taxpayer.

Finally, for the VAT law in Northern Macedonia can be said that covers all from the aforementioned laws of the Western Balkans countries. The Decree on application of the Law on VAT during state of emergency, adopted by the Government of the Republic of North Macedonia, provides for a possibility where, apart from on paper, taxpayers may issue invoices electronically. The aim is to facilitate the operation of the taxpayers, as well as to prevent using paper in order to reduce the risk from spreading the coronavirus SARS-CoV-2. In addition to specifying the possibility of issuing invoices in electronic form, the law also prescribes the conditions that e-invoices must meet – electronically signature, method of storage, as well as the necessary elements of the e-invoice. It is also stated that the Minister of Finance, in agreement with the Minister of Information Society and Administration, shall prescribe the manner of issuing, transmitting, receiving and storing invoices issued in electronic form.

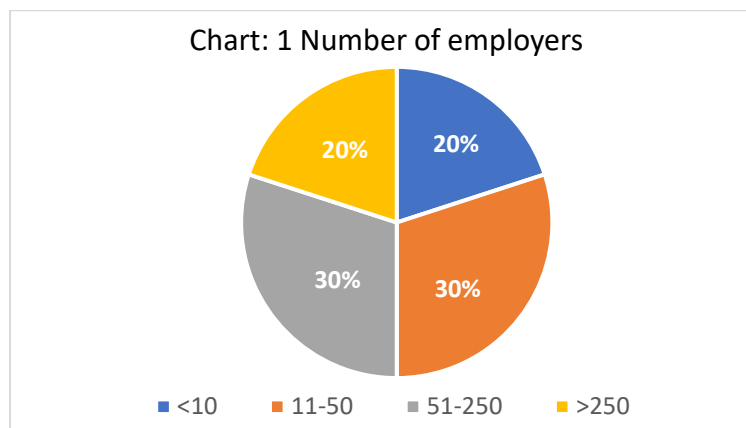
4. Analysis of the answers from the questionnaire

In addition to the preparation of this document, an e-questionnaire on the topic of e-invoices was conducted²⁵. The sample consisted of 10 companies from the region (Serbia, Bosnia and Herzegovina, Northern Macedonia, Albania and Kosovo*).

When asked how familiar they are with the concept of e-invoicing, respondents answered with a score of 1 to 5 (where 5 is the highest value). The average of all answers is 3.9, which indicates a high level of knowledge of this topic.

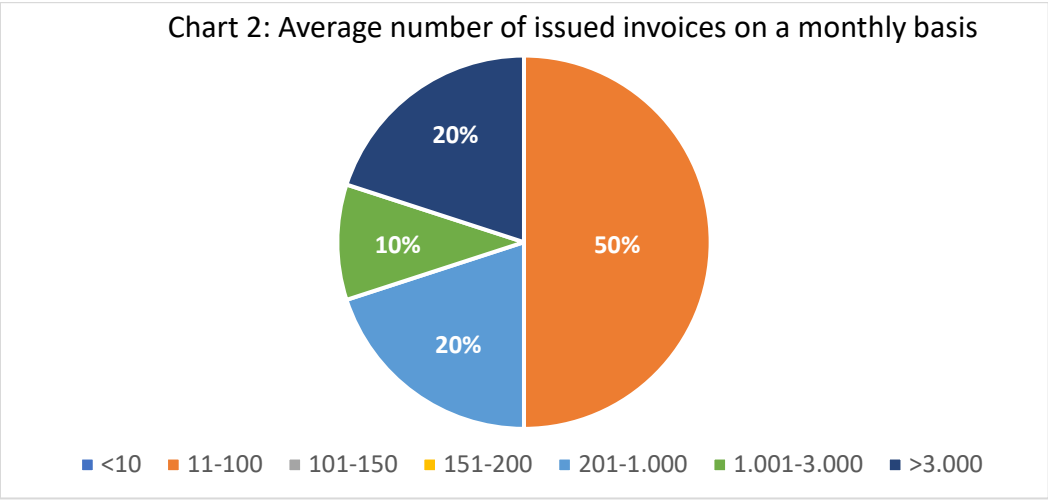
When it comes to defining the concept of e-invoice, the respondents mostly answered that E-invoice replaces the standard paper form of invoice, because it is a way of creating and sending invoices in electronic form. In addition, in this part, a recommendation is given in front of the company from Northern Macedonia, which reads: "We would like to have a code that would be scanned so that payment can be made much faster (code to scan on the invoice itself)".

The third question refers to the number of workers that each of the respondents has. The following graph shows the answers obtained. Based on Graph 1, it can be seen that the sample included all groups of companies, in terms of the number of employees.

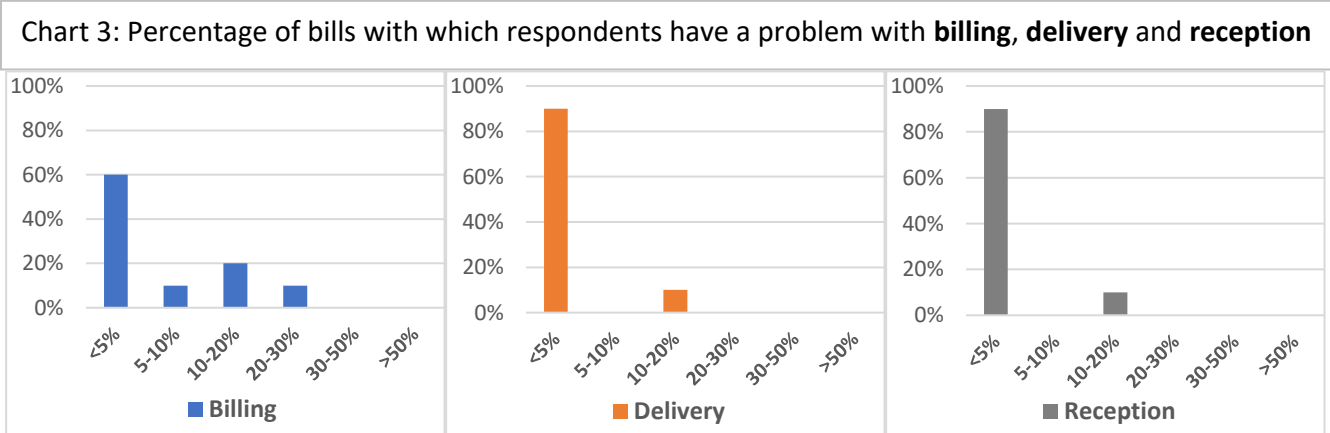


An overview of the answer to the question how many invoices are issued by respondents on average per month is shown in Figure 2. Half of the respondents issue 11-100 invoices per month, while the other half of the answers refer to respondents who issue more than 200 invoices.

²⁵ The questionnaire that was sent to the respondents can be found at the following link: https://docs.google.com/document/d/1i_Er20ybfdc8g3uSM1Sy0Azl5aOAY-BA/edit?usp=sharing&oid=102747045673085974043&rtpof=true&sd=true



An overview of the answers to the question of what percentage of invoices with which respondents have a problem of billing, delivery and reception is shown in Graph 3, which summarizes all the above answers. When it comes to the percentage of accounts with which respondents have a billing problem, 6 out of 10 respondents indicated that this percentage is below 5%, while there are those who stated that there is a higher percentage of accounts with which they have a billing problem. On the other hand, as many as 90% of respondents stated that they have a problem with less than 5% of invoices where there is a problem with delivery and reception, and 10% of respondents indicated this percentage at the level of 10-20% of the total number of invoices.



The most common way that respondents choose to submit invoices is through courier service or by post office - 70%, then sending by e-mail (*pdf* file) - 60%, while the answers that invoices are delivered in person are less represented - 40%.

Finally, when asked whether respondents want to be more actively involved in the process of introducing e-invoicing, 8 out of 10 answers were positive, ie. respondents left a contact email in this section.

Conclusion

Cost savings, time savings, removing routine tasks, innovation and the environment, are just some of the reasons for switching to electronic invoicing. There are so many benefits that, in some cases, even without being a government requirement, companies themselves have begun to request and require that their suppliers use electronic invoicing.

Some of the main benefits of the electronic invoice in the region are as follows:

- **Improves tax collection** - Based on the results experienced by other countries through their implementation of the electronic invoice, it is expected that VAT and other tax income will increase;
- **More effective fiscal control** - Because of the availability of real time financial transaction information and more efficient fiscal audits, the tax authority will be able to detect irregularities more efficiently;
- **More transparency** - All taxpayers, including buyers and sellers will be able to verify that invoices have been declared to through the central invoicing platform;
- **Digitalization of the economy** - The automation of invoicing processes will reduce the time and management costs associated with invoicing. This will help companies and the government to increase their competitive advantages;
- **Admission to the European Union** - The use of electronic invoicing according to the European standard favors the admission process of Western Balkan countries into the European Union.

The questionnaire showed that respondents have a certain level of knowledge when it comes to the field of e-invoicing, and that they are largely interested in being included in the process of introducing electronic invoicing in their countries.

All WB6 economies are working on establishing the concept of eBusiness, in which eInvoice is just one segment. Given that all WB countries strive to join the EU, all activities are mainly aimed at harmonizing with the legislative framework and principles of doing business in the EU, on all topics. Given that the WB6 CIF supports and encourages creation of the WB6 common regional market, The Chamber of Economy of Montenegro initiated *Signing a regional agreement on cooperation in the introduction of e-invoices and the creation of a regional standard for e-invoices* in order to improve the single digital market of the Region and this initiative will be further communicated by WB6 CIF with decision makers.

Establishing a regional eInvoice, or national but compatible eInvoices, would improve cross-border eBusiness. The introduction of eInvoices would improve interoperability in the region, contribute to even stronger integration and the creation of a single market, supporting the concepts of Industry 4.0.

Annex 1: E-invoice – Questionary

1. How familiar are you with the concept of E-invoicing?

Offered answers: Values from 1 to 5 (where 5 has the highest value)

1	2	3	4	5
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2. In your opinion, what is an E-invoice:
-

3. How many employees does your company have??

Offered answers:

<10	11-50	51-250	>250
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4. How many invoices do you issue per month?

Offered answers:

<10	11-100	101-150	151-200	201-1.000	1.001-3.000	>3.000
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5. How do you deliver invoices to your customers/users of your services?

Offered answers:

<i>E-mail (PDF)</i>	<i>Courier service</i>	<i>In person</i>	<i>Registered shipment</i>	<i>Regular shipment</i>
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6. What is the percentage of accounts you have a problem with... [billing]

Offered answers:

<5%	5-10%	10-20%	20-30%	30-50%	>50%
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7. What is the percentage of accounts you have a problem with... [delivery]

Offered answers:

<5%	5-10%	10-20%	20-30%	30-50%	>50%
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8. What is the percentage of accounts you have a problem with... [reception]

Offered answers:

<5%	5-10%	10-20%	20-30%	30-50%	>50%
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9. If you want to be more actively involved in the process of introducing an elnvoice, leave your e-mail address:
-

Annex 2: Articles from the VAT laws for WB countries related to the E-invoicing

North Macedonia

(2. Invoicing)

Article 53, paragraph 1 – The invoice can also be issued in electronic form.

Article 53, paragraph 12 – An invoice issued in electronic form should not contain the stamp of the issuer of the invoice.

Article 53b, paragraph 1 – An invoice issued in electronic form is considered an invoice issued as an electronic document.

Article 53b, paragraph 2 – The recipient of the invoice agrees with his express will in paper form that he will receive the invoices in electronic form.

Article 53b, paragraph 3 – The invoice in electronic form must meet the following conditions:

- to ensure the authenticity of the origin of the invoice in such a way that the recipient of the invoice can unequivocally establish that the invoice was sent by the issuer of the invoice,
- to ensure the integrity of the invoice content in such a way that the applied technology and procedures prevent the change of invoice data,
- to ensure the readability of the invoice, ie a visual and understandable image of the issued invoice on a computer screen or other electronic devices in the same way as on paper.

Article 53b, paragraph 4 – The requirements referred to in paragraph (3), indents 1 and 2 of Article 53b shall be provided by signing the invoice with an electronic signature, which is based on a qualified certificate regulated by the Law on Electronic Data and Electronic Signature.

Article 53v, paragraph 1 – For an invoice in electronic form, in addition to invoices issued in accordance with Article 53-b of this Law, an invoice in electronic form (pdf or other electronic format) containing all elements in accordance with Article 53 paragraph (10) of this Law, and submitted electronically to the recipient of the transaction, this Law shall take into account. *(Article 53, paragraph 10 prescribes what the necessary elements of the account are)*

Article 53v, paragraph 4 – The invoice in electronic form referred to in paragraph (1) of Article 53v must meet the requirements set out in Article 53-b paragraph (3) of this Law.

Article 56, paragraph 2 - Invoices issued in electronic form are kept in the original form in which they were issued or received.

Article 56, paragraph 4 - The issuer and the recipient of the invoice in electronic form are obliged to submit and keep relevant data related to the issuance and receipt of invoices through which the authenticity of the origin and integrity of the content can be established with certainty within the period specified in paragraph (1) Article 56. (*Article 56, paragraph 1 prescribes a period of at least 5 years for keeping the invoices*)

Article 56, paragraph 7 – The Minister of Finance, in agreement with the Minister of Information Society and Administration, shall prescribe the manner of issuing, transmitting, receiving and storing invoices issued in electronic form.

Serbia

(Invoicing)

Article 42 – The taxpayer may issue an invoice in paper or electronic form if the recipient agrees to accept the invoice in electronic form, except in the case of the obligation to issue an invoice in electronic form in accordance with the law when the consent of the recipient is not required. The invoice in electronic form is issued as an electronic document in accordance with the law.

Kosovo*

Article 50 – Issuing and sending invoices by electronic means and documents that serve as invoices

Paragraph 1 – Invoices and other documents issued under this chapter may be sent by letter or, depending on whether the recipient accepts, may be sent or made available electronically. The authenticity of the origin and the integrity of their content must be guaranteed through an advanced electronic signature or through electronic data exchange.

Paragraph 2 – Special obligations or formalities related to the issuance, delivery or placing on the market of electronic invoices or similar documents, will be defined by a bylaw issued by the Minister of Finance.

Article 55 – Preparation and maintenance of invoices and all other tax documents, books and records from this law in the appropriate electronic format or scanned formats, will be approved only by the General Director of TAK (Tax Administration of Kosovo) upon receipt of a written request in this regard from the taxpayer. This request should be accompanied by a detailed description of the system and should contain the necessary evidence that all requirements related to the establishment and maintenance of accounts, books and record keeping have been met.

Article 56 – The same rules apply to the electronic storage of invoices, documents, books and records, as well as for the storage of invoices in paper form (at least 6 years).

Montenegro

(X Invoicing)

Article 31, paragraph 6 – The taxpayer may issue an invoice in electronic form with the prior consent of the recipient of the invoice, in accordance with the law governing the electronic document.

Albania

(Invoicing)

Article 95, paragraph a – "Invoice" means any document in paper or electronic form that meets the requirements specified in this law.

Article 95, paragraph b – "Electronic invoice" means an invoice containing the data required by this Law, issued and received in electronic format.

(Paper invoices and electronic invoices)

Article 104, paragraph 1 – Tax invoices and other documents issued under this Law may be made available electronically upon prior agreement, according to which the recipient agrees to make the invoices available electronically, only if the requirements of paragraph 2 of Article 105 of this Law are met.

Article 105, paragraph 2 – The authenticity of the origin and the integrity of the content of the electronic invoice must be guaranteed by advanced electronic signature or electronic data interchange (EDI), as required and provided for by European regulations and recommendations.

Article 105, paragraph 4 – In the case that several electronic invoices are sent to the same recipient at the same time, the common data of each invoice may be mentioned only once, provided that for each invoice it is possible to obtain all the data it contains.

Article 113 – For the purposes of this Chapter, the term "storage of electronic invoices" means the storage of data derived from electronic processing equipment (including numerical compression) and the storage and use of cables, waves, optical devices or tools.

Article 116 – For the purposes of paragraph 1 of this Article, invoices issued in accordance with defined in Article 5 of this Law, must be stored in the original form in which they were

sent or made available, whether this letter or electronic. In addition, in the case of invoices stored electronically, the data guaranteeing the authenticity of the origin of the invoices and the integrity of their contents must also be stored electronically.

Article 157 – The provisions of Articles 104 and 105 of this Law, for issuing and sending invoices in electronic format, which require the creation of appropriate infrastructure, in accordance with European regulations, as well as section 5 of this Law, shall enter into force upon the membership of the Republic of Albania in the European Union.

Bosnia and Herzegovina

(In the Law on VAT, as well as in the Amendments to the Law on VAT, there is no part refers to the Issuance of invoices in electronic form).