



Australian Government
Australian Taxation Office

Guide to receiving and processing eInvoices

Enhance your accounts payable processes to ensure you can efficiently receive and process Peppol eInvoices.

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Acknowledgment of Country

We acknowledge the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them, their cultures, and Elders past and present.

Background

Note: We are still refining this content and would like to hear from you. Your insight will help create the best possible experience. Share your feedback by emailing invoicing@ato.gov.au.

The government is committed to increased eInvoicing adoption to improve cash flow, disrupt payment redirection scams and boost productivity for businesses.

Since July 2022, all Non-corporate Commonwealth Entities (NCEs) have been mandated to be able to receive [Peppol](#) eInvoices (eInvoices). Many other Australian Government entities, plus state, territory and local governments, have also switched to eInvoicing.

While Peppol eInvoicing has been in use for more than 10 years overseas, it is still maturing in Australia. As its use increases, we encourage both sellers and buyers to learn from their early transactions and work together to ensure everyone can benefit from the improved security and efficiency.

Purpose

This guidance:

- provides principles, considerations, and suggestions to help government entities enhance accounts payable (AP) processes and efficiently receive and process eInvoices
- supplements existing Accountable Authority Instructions (AAI) or departmental policies.

It is designed for use primarily by Commonwealth Government:

- finance managers/team leaders and their AP teams – to process eInvoices efficiently and maximise the eInvoicing benefits for them and their business suppliers
- systems owners – to prepare their agencies' systems to receive eInvoices efficiently and support their AP teams in processing them
- procurement policy owners – to include eInvoicing when they draft or update procurement policies and contracts.

This guidance may also help people in similar roles in state, territory, and local government organisations and in the private sector.

eInvoicing top tips

- Let through (not reject) all eInvoices that comply with the invoice specification (see below).
- Search for required data if it does not appear in the expected field.
- Contact your suppliers if you can't find the required information, or the supplier hasn't provided the information (per the current pdf invoice process).

eInvoice data requirements

Mandatory and optional fields

An eInvoice has mandatory data fields. As a government buyer, you should not need to specify these. But to be able to process and pay eInvoices you may need more than the mandatory information.

You should ensure your suppliers understand your requirements and can include what you need in the eInvoice or in a supporting document attached to the eInvoice.

Suppliers may not be able to provide everything you need due to limitations in their accounting software. Always work with your suppliers to understand their capabilities and find a balance between what you need and what they can send.

The following image shows the mandatory data fields and some commonly needed extra information.

Invoice / Credit Note

Seller
 ABN
 Name
 Address
 Contact

Buyer
 ABN
 Name
 Address
 Contact

Invoice number
 Issue date
 Invoice period
 PO number or Buyer Reference

Note *Additional information in free text*

Attachment(s)

Line ID	Item Name	Price (excl GST) AUD	Quantity	GST rate	Discount / Charge	Net amount
1	Item name abc	\$12.00	10	10%	-\$10.00	\$110.00
2	Item name xyz	\$25.00	8	10%		\$200.00
3	Item name 123	\$5.50	20	0%	+\$5.00	\$115.00
4	Item name 789	\$18.00	10	0%		\$180.00

Discount info
Loyalty - \$50 off

Additional Charge
Delivery - \$49

Delivery
 Address
 Date
 Contact

Totals and subtotals:

GST total	\$61.50
Net sum	\$605.00
Tax exclusive amount	\$604.00
Tax inclusive amount	\$634.90
Prepaid amount	\$50
Rounding amount	n/a
Payable amount total	\$584.90

Payment
Credit transfer: Bank account details
BPAY: 10001/CRN123456789
Payment term: 30 days / Due Date: 31/01/2999

Key
 - Black text: Mandatory information in an eInvoice.
 - Blue text: Optional, but may be required to process an eInvoice

Table: Mandatory and optional data

Field name	Classification
Invoice number	Mandatory
Invoice date	Mandatory
Invoice period	Optional but maybe required to process an einvoice
Buyer reference or purchase order (PO) number (if not a PO number, could be a contract or tender number, or buyer-assigned reference)	Mandatory
Seller ABN	Mandatory
Seller legal name	Mandatory
Seller address	Optional but maybe required to process an einvoice
Seller contact details	Optional but maybe required to process an einvoice
Buyer ABN	Mandatory
Buyer legal name	Mandatory
Buyer address	Optional but maybe required to process an einvoice
Buyer contact details	Optional but maybe required to process an einvoice
Line ID	Mandatory
Item name	Mandatory
Price (excluding GST)	Mandatory
Quantity	Mandatory
GST rate	Mandatory
Discount	Optional but maybe required to process an einvoice
Net amount	Mandatory
GST total	Mandatory
Net sum	Mandatory
Tax exclusive amount	Mandatory
Tax inclusive amount	Mandatory
Prepaid amount	Optional but maybe required to process an einvoice
Rounding amount	Optional but maybe required to process an einvoice
Payable amount	Mandatory
Note	Optional but maybe required to process an einvoice
Attachment	Optional but maybe required to process an einvoice
Payment details (bank account details and payment terms)	Optional but maybe required to process an einvoice
Delivery address	Optional but maybe required to process an einvoice
Discount info	Optional but maybe required to process an einvoice
Additional charge	Optional but maybe required to process an einvoice

For the full list of the Peppol eInvoice data fields, including whether they are categorised as mandatory, 'best practice' or optional, see the [Invoice Content Practice Statement](#).

Reference numbers

Reference numbers are used for data matching or to route invoices to the correct person or team to confirm receipt of goods or services and approve the invoice. They include:

- purchase order (PO) number
- contract number
- project number
- tender number
- buyer-assigned reference – for example, location code assigned to an individual, team, branch or location. Buyer contact details may also be used instead of a number.

You will need to tell your supplier which reference number(s) should be quoted on the invoice, so it can be processed efficiently. PO and contract numbers are commonly used by buyers to help them match invoices with approved spending.

If a PO or contract number is not used, you will need an alternative buyer-assigned reference. When opting for a buyer-assigned reference, you should select a value that can be:

- easily validated by your system
- used to automatically direct the invoice to the correct person or business team.

Your supplier may enter a reference number against a different label in their system to what you expect. Your systems should provide flexibility to search all fields in an invoice for a reference number. This process should ideally be automated.

Sellers may also need to read their software help files to check where to enter and how to format the number, so it comes through correctly.

Note: It is mandatory to include either a PO number *or* a buyer reference with a Peppol invoice.

Buyer contact details

For some buyers, it's crucial their suppliers provide the buyer's contact details on the invoice. For instance, you may not require a PO or other reference number when buying some goods or services valued less than \$10,000. So, you will need the buyer's contact details to identify who to send the invoice to, for approval and then payment.

Most small businesses when trading with each other do not use a PO or other reference number. An email, phone number or contact name are often used. In most cases, the buyer's email address is the preferred option.

Buyer contact details may be used as a buyer-assigned reference and could be entered in a 'buyer reference' field.

Payee financial account

Your suppliers should ideally provide payee bank account details on your invoices, as these are critical for fraud risk management, and vendor validation and verification processes.

Put the information into the free-text notes field if a specific payment details field isn't available, rather than in an attachment. This should speed up invoice processing by removing the need to manually open an attachment.

eInvoice attachments

Attachments are not mandatory but are supported by most systems. In certain scenarios you may require attachments to complement and to help process the eInvoices. An example are labour hire timesheets.

Peppol supports formats including PDF, CSV, JPEG, PNG and ODS. You may be sent any of these, so ideally your system needs to be able to receive and display them.

It is not mandatory for sellers to attach a PDF version of the invoice to the eInvoice they send. Not all sending solutions are capable of this and eInvoices should not be rejected on this basis if you have received all the required invoice data the eInvoice XML. A Peppol eInvoice is not just an envelope to deliver a PDF invoice, the eInvoice is the invoice.

More than eInvoices

As an international e-procurement framework, Peppol supports many [document types](#), including invoice responses and purchase orders. Not all eInvoicing software supports all the document types available in Australia. So, if you do require more, talk to your service provider to see what options you have.

Change principles and considerations

Increasing your eInvoicing capabilities may change the way you currently receive and process invoices. It will likely also impact your suppliers. The following principles will help:

1. Do not reject any eInvoices before you review them. Let all eInvoices through if they comply with the invoice specification (namely, there is some data in all mandatory fields). If you introduce extra validation on eInvoices as they arrive (for example, PO format or length checks, or ABN-to-seller's name look-ups), you should manage these business-level rules just as you would with a PDF invoice in your accounts payable process and as exceptions if required (see [Exception management](#)).
2. Search for data if it does not appear where you expect it. This searching may be automated the same way OCR systems scan unstructured PDFs. If you can't automate this process, check the full set of eInvoice data your supplier sends you (namely, a human-readable rendering of the XML – see principle 5), plus check any attachments. This way you maximise your chances of being able to process and pay the eInvoice.
3. Contact your supplier if you can't find what you need, or if the supplier hasn't provided the same information they would have previously in an emailed PDF invoice. If you have different data requirements for eInvoices, you will need to tell your suppliers what's needed.
4. Always consider your suppliers' potential software limitations. Work with them to understand their situation and find a balance between what you need and any extra burden on them. For instance, you may be able to use either negative invoice or a credit note to achieve the same outcome.
5. Your system should ideally be able to display a human-readable version of the complete eInvoice (for example, a HTML or PDF rendering of the XML data file). It is not mandatory for, nor do we recommend, your suppliers to send PDF versions of eInvoices.

In line with these principles, develop a change management approach to support uplifting your eInvoicing capabilities. Consider what guidance and support will need to be updated and communicated to staff as systems, workflows and what they see and be asked to approve may change. Consider the following:

- Work towards automating as many AP and eInvoicing processes as possible. For example, search for a PO or reference number or a buyer contact email address to automatically route for approval, and check against master vendor, PO and any goods receipt records. If the eInvoice cannot be processed automatically, see [Exception management](#).
- eInvoices will arrive in your central AP system. They do not arrive in email inboxes. Everyone involved in procurement across your organisation – AP teams, contract managers, purchasers and financial delegates – will see the differences. System-generated alerts, viewing and approving invoices in ERP software and perhaps noting goods receipts against purchase or work orders are all possible changes.
- Procurement policy, contracts and payment terms may need to be updated (see [Appendix 1](#)). Suppliers will need to be notified and may require help with the change too.

Example: eInvoice delivery and routing change

Before adopting eInvoicing, Agency A had all its suppliers email their invoices directly to the purchasing officers or teams before being approved and entered in the finance system for payment. As part of its eInvoicing transition, it set up a series of resource pools made up of several approvers.

When eInvoices started to be delivered to its central AP system, it automatically sent eInvoices to the appropriate resource pool for approval based on matching a buyer reference number.

They also required suppliers that didn't use eInvoicing to send emails to a central mailbox to be processed through the AP system the same way. As a result, both invoices and eInvoices are managed consistently and the agency processes and pays all suppliers on time.

Exception management

Not all eInvoices will be able to be processed automatically. This may affect your existing exception management processes. These principles may help you review and adapt yours:

1. Search for the information you need elsewhere in the eInvoices as it may not be in the data field you expect (see [principle 2](#)). If you still can't find it in the human-readable version of the eInvoice or attachments, contact the supplier just like you would with any other invoice per your current invoice exception process.
2. If you are automatically rejecting eInvoices before manually reviewing them, do not assume your supplier knows what has happened. They may not be able to receive a system-generated rejection message (known as an Invoice Response). Always contact your supplier directly if an eInvoice has been rejected.
3. If an eInvoice has been rejected, or requires exception handling, use this as an opportunity to better understand your supplier's situation and educate them on any new requirements. Helping them get it right early will save both you and them time and effort in the future.

Example: exception management

Several of Agency B's suppliers have started sending eInvoices. They are all using similar small business software that does not have a separate field to put the PO number in the eInvoice.

Instead of rejecting the eInvoices, they were all marked as exceptions for manual checking of the human-readable version. An AP team member found they'd all consistently entered the PO number in the Buyer Reference field. They manually adjusted the eInvoices and returned them to the automated workflow. They then contacted all these suppliers, noting there may be a delay in processing.

Agency B updated its system to search for PO numbers in all fields and automatically map it to the right place. This will save both them and their suppliers time and effort in the future.

Supporting suppliers

How to support suppliers

It is vital for buyers to encourage and support their suppliers, and work with them to send eInvoices that can be processed efficiently and paid on time, if not faster.

Some ways to help suppliers include:

- share the Department of Finance's [Selling to Government – Getting paid](#) information and be ready to explain the [Supplier Pay on-Time or Pay Interest Policy](#).
- become familiar with commonly used [eInvoicing-ready sending solutions](#), to understand what data fields your suppliers can and can't use. If information you need can't be correctly entered, talk to your suppliers about where they can put it. For example, the only option for some suppliers may be to enter the required PO number is in the Buyer Reference field with a 'PO:' prefix.
- be ready to share with your suppliers the guidance material from their eInvoicing-ready solution providers, such as what eInvoicing is, how to register or how to send eInvoices.

Example: supplier support

Agency C is an early adopter of eInvoicing. Prior to adopting eInvoicing, the agency asked all suppliers to send their invoices by email directly to a central email address.

As part of its supplier onboarding strategy, the agency engaged with selected suppliers to identify their eInvoicing enabled (accounting) system, then drafted guidance on how to send eInvoices using those systems. This helped suppliers to overcome any issues.

They published these guidance materials to their website and added links to it to their PO template so all suppliers could be informed.

As a result, the agency now processes more than 80 eInvoices a month.

Targeting suppliers with eInvoicing capability

Most major small business accounting software solutions can send and receive eInvoices, including:

- Xero
- MYOB
- Reckon.

You can identify which of your suppliers are using one of these products. See [Appendix 3](#) for tips on how to do this and how to help them start sending eInvoices.

It is crucial that your suppliers strictly follow their software providers' guidance on how to enter the reference number(s) you need. This will ensure the information is:

- transmitted through the network correctly.
- received by your software and put into the correct field.

Appendix 1: Government payment terms (RMG 417)

About RMG417

The [Supplier Pay on-Time or Pay Interest Policy](#) (RMG 417) applies to Australian Government NCEs. It defines the 2 conditions that must be fulfilled **before** any payment time calculations start. The conditions are:

- acknowledgment of the satisfactory delivery of the goods or services
- receipt of a correctly rendered invoice.

Further, [RMG 417 defines](#):

- **acknowledgment of the satisfactory delivery of the goods or services** as ‘the NCE has confirmed that the goods or services have been delivered in accordance with the terms of the contract’
- **receipt** as ‘the day that the correctly rendered invoice is accepted by the NCE following the acknowledgment by the NCE of the satisfactory delivery of goods or services’
- **a correctly rendered invoice** as ‘an invoice which is:
 - rendered in accordance with all the requirements of the written contract (note that written contracts will often specify that the invoice must be a tax invoice and/or that certain information must be included in the invoice and/or the format of the invoice); and
 - for amounts that are correctly calculated and due for payment and payable under the terms of the written contract’.

Therefore, the policy’s payment time (5 or 20 days) does not necessarily start at the time the invoice is sent by the supplier or first received by you. This timing is often determined by the software solution in place. The payment time starts only after an invoice:

- has been checked against the contract terms.
- is confirmed to match what’s been delivered
- is for the expected amount.

That is, after a 3-way-match.

A reasonable allowance of time for the delivery of the goods or services and for the person responsible to acknowledge they are satisfactory is often documented in contract or purchase order terms (for example, section 11 of the [Commonwealth Contracting Suite’s](#) Commonwealth Purchase Order Terms).

This policy is currently under review.

Managing suppliers’ expectations

Communication is key to managing your suppliers’ expectations of when they’ll be paid. The Department of Finance’s [Selling to Government – Getting paid](#) guide can help with this. But you may also like to provide updates to your suppliers as their invoice flows through your process – these may be able to be automated.

When a new supplier starts sending you invoices, consider notifying them of the following:

- You have the invoice and it is being reviewed. Once this check is complete, payment times begin.
- They will then be paid promptly (more about the Commonwealth Government’s standard payment terms can be found at [Selling to Government – Getting paid](#)). Highlight that you will contact them if you need more information.
- They can find the information you require to be able to process an invoice on your agency’s website. Provide a link to the page on your agency’s website that lists your specific requirements.

Appendix 2: eInvoicing checklist

This section outlines what an AP team should consider doing when it receives an eInvoice. It is neither exhaustive nor one-size-fits-all, but may be used as the basis of a processing workflow that could be automated.

1. **Check your details are correct – a supplier may have sent you an eInvoice that was meant for someone else.**
 - a. Check your ABN and business name are correct.
 - b. In the eInvoice's Peppol XML file, the A-NZ invoice specification elements to check are:
 - i. cac:AccountingCustomerParty/cac:Party/cac:PartyLegalEntity/cbc:CompanyID
 - ii. cac:AccountingCustomerParty/cac:Party/cac:PartyLegalEntity/cbc:RegistrationName
 - iii. cac:AccountingCustomerParty/cac:Party/cbc:EndpointID
 - c. If the details are wrong, let the supplier know as they may be unaware of the mistake.
 - d. If the details match, **go to the next step.**
2. **Check the eInvoice has come from a valid or existing supplier.**
 - a. Check the supplier's ABN and that the business name matches your vendor master data – this should be the sender's legal name.
 - b. If supplied, also check payment or bank account details match what you have on file.
 - c. In the eInvoice's Peppol XML file, the A-NZ invoice specification elements to check are:
 - i. cac:AccountingSupplierParty/cac:Party/cac:PartyLegalEntity/cbc:CompanyID
 - ii. cac:AccountingSupplierParty/cac:Party/cac:PartyLegalEntity/ cbc:RegistrationName
 - iii. cac:PaymentMeans/cac:PayeeFinancialAccount
 - d. If the supplier details don't match or do not exist in your master data, **query the eInvoice.** Check the validity of the invoice with the person responsible for goods receipting and checking the invoice, and perhaps contact the vendor. You may need to update or create a new vendor record.
 - e. If the supplier exists and the details match, **go to the next step.**
3. **Check the eInvoice is GST compliant.**
 - a. Depending on the value of the eInvoice and the GST registration status of the supplier, check you have all the required information. Refer to [Tax invoices](#) for what's needed.
 - b. If the eInvoice isn't GST compliant, contact the supplier to inform them of the error.
 - c. If it is GST compliant, **go to the next step.**
4. **Check the eInvoice for a PO number or other buyer contact details.**
 - a. Check the eInvoice for a PO number or other reference number, noting this may be in a different spot on each eInvoice and may not be where you expect to find it. Look in the PO number field and in the Buyer Reference field first but, if need be, scan the rest of the eInvoice content in case it is entered in a different field (for example, notes). If there aren't any PO or buyer reference details, check the purchaser details.
 - b. In the eInvoice's Peppol XML file, the A-NZ invoice specification elements to check are:
 - i. cac:OrderReference/cbc:ID
 - ii. cbc:BuyerReference.

- c. If there is no valid, identifiable PO, check for other workflow identifiers:
 - i. contract number (cac:ContractDocumentReference/cbc:ID)
 - ii. tender number (cac:OriginatorDocumentReference/cbc:ID)
 - iii. project number (cac:ProjectReference/cbc:ID)
 - iv. buyer reference number (cbc:BuyerReference)
 - v. contact details, such as name or email address (cac:AccountingCustomerParty/cac:Party/cac:Contact).
 - d. If a seller incorrectly aligns or formats their otherwise valid PO number, contact them and help them get it right next time. In the meantime, you can manually correct the data to expedite processing and payment.
 - e. If there is a valid PO number or you can identify the intended recipient, check that it matches the vendor details on the invoice.
 - i. If they do not match, contact the supplier to query.
 - ii. If they do match, **go to the next step**.
- 5. Check the elnvoice details match those recorded on the PO or contract – that is, PO matching.**
- a. Check if the goods or services have already been receipted by the purchaser against the PO or contract.
 - b. If not, forward the elnvoice to the responsible person (for example, the PO owner) and ask them to notify you once the goods or services have been receipted.
 - c. If they have been receipted, go to the options below.

Note: RMG 417's payment times do not start until the goods or services have been receipted and a correctly rendered elnvoice has been received.

Option 1: Header-level matching

1. Check the total amount of the elnvoice against the amount of the PO/procurement.
2. If it does not match, forward it to the responsible person (for example, the PO owner) for action.
3. If they match, ask the purchaser to approve it for payment.

Option 2: Line-level matching

1. Do the same checks as 5.a above, but rather than just checking the elnvoice values, check each line item included in the elnvoice.

Note: Minor differences in values may occur due to you and your customer using different GST rounding rules. elnvoices by default calculate GST amounts using the [total invoice rule](#) where the GST-exclusive value of each taxable sale is added up, and GST is then calculated at 10% of that amount and then rounded to the nearest cent (rounding 0.5 cents upwards). You may need to adjust tolerances in your system to account for this, just as you may already be doing with other invoices you receive.

Payment

How you pay elnvoices will depend on several variables including agency preference, supplier requests and invoice value. All NCEs will need to consult [Supplier pay on time or pay interest policy](#) (RMG 417) for details (see [Appendix 1](#)).

Appendix 3: Supplier onboarding tips

All suppliers using Xero, MYOB and Reckon can use eInvoicing with a few simple mouse clicks. You can identify which of your suppliers are using this software to generate and send PDF invoices to your accounts payable inbox, and let them know you're ready to receive eInvoices from them instead of PDF invoices.

Here are some easy ways to help you identify which of your suppliers are using Xero, MYOB and Reckon.

Identify invoices sent from accounting software's generic email address

Invoices being sent from the cloud-based version of small business accounting software are sent from the following generic email addresses:

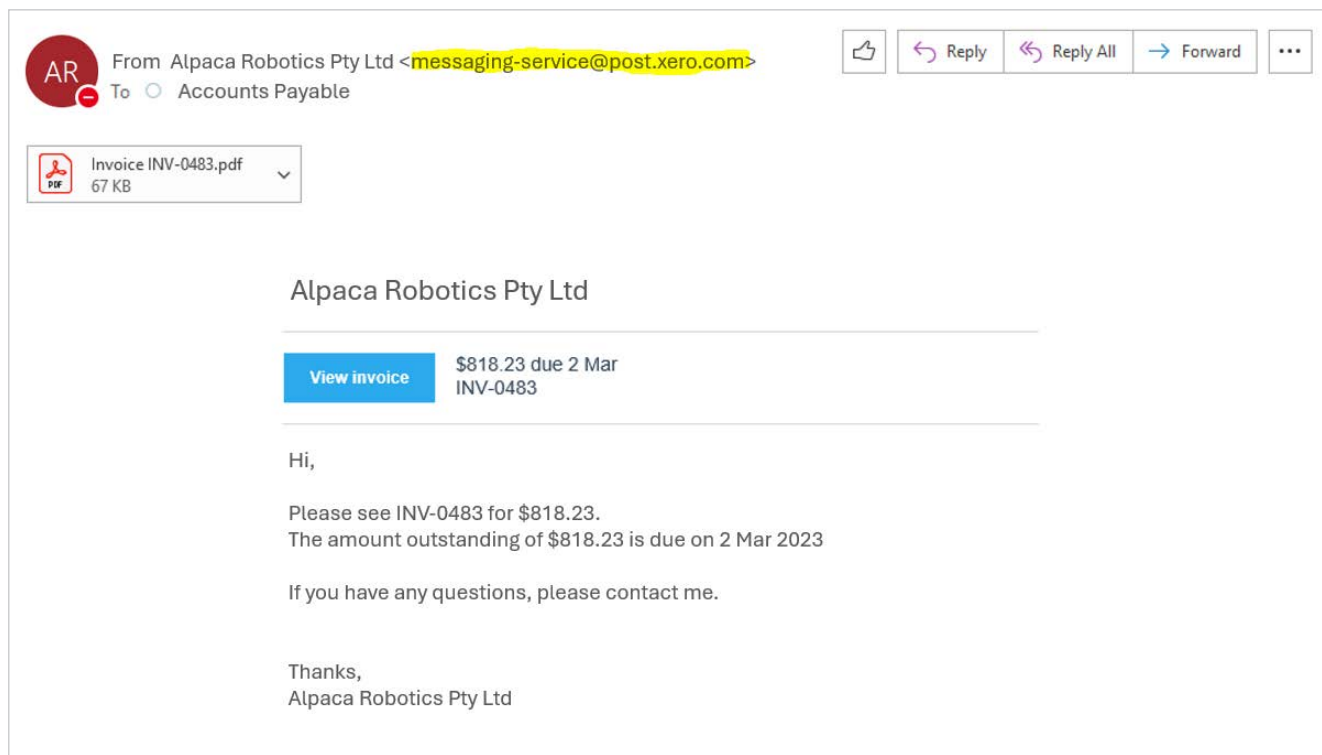
- AccountRight@apps.myob.com or similar email address for MYOB
- messaging-service@post.xero.com or similar for Xero
- accountshosted@reckon.com from Reckon.

Look for the common email templates

MYOB and Xero have email templates that the supplier can populate.

In the example below, note the generic email address on the top and 'Powered by MYOB' at the bottom.

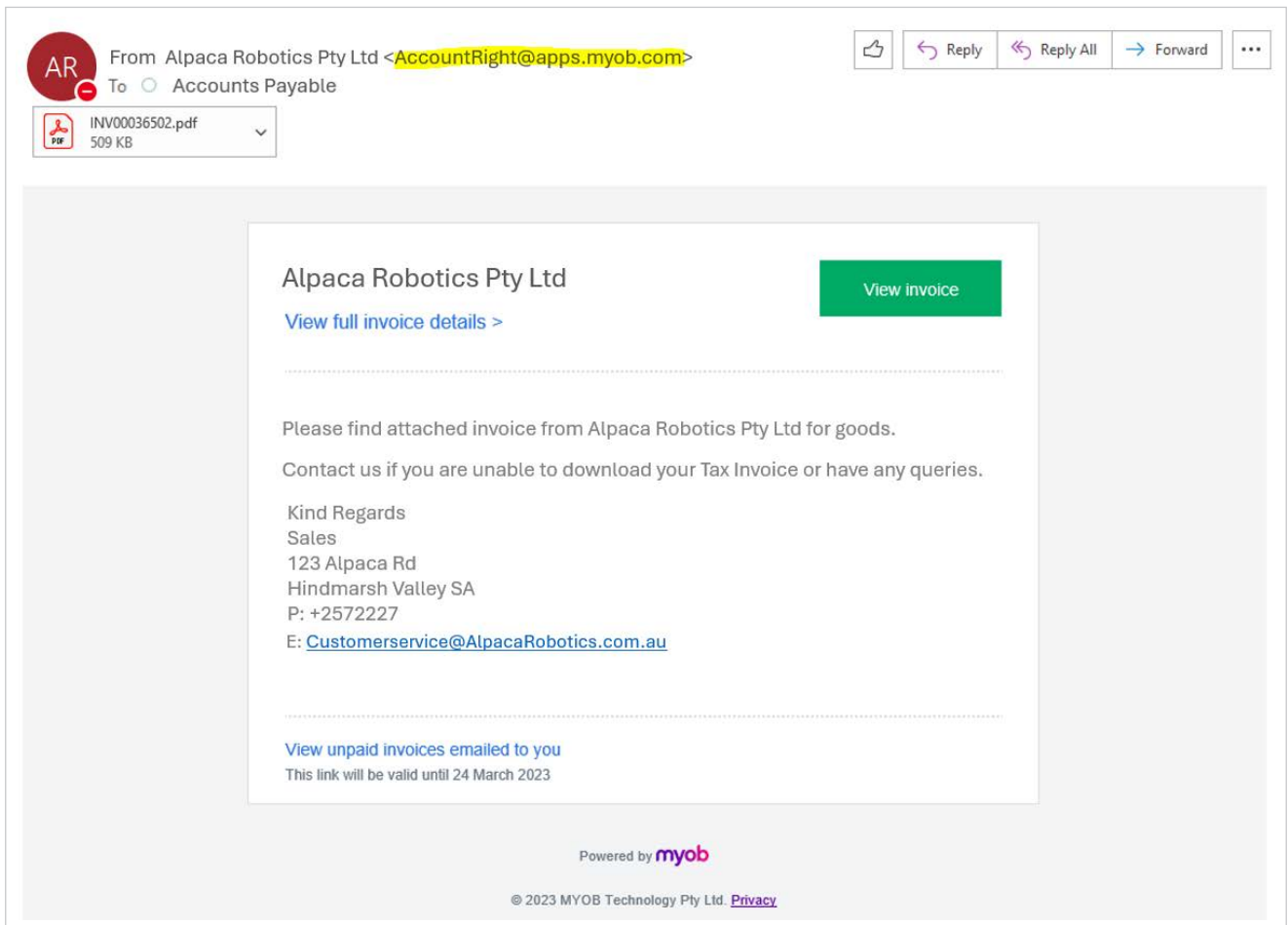
Screenshot: MYOB email template example using MYOB AccountRight



The screenshot shows an email interface. At the top left is a red circular profile picture with the letters 'AR'. To its right, the sender information reads: 'From Alpaca Robotics Pty Ltd <messaging-service@post.xero.com>' and 'To Accounts Payable'. The email address 'messaging-service@post.xero.com' is highlighted in yellow. On the right side of the header, there are icons for 'Like', 'Reply', 'Reply All', 'Forward', and a three-dot menu. Below the header is a PDF attachment icon with the text 'Invoice INV-0483.pdf' and '67 KB'. The main body of the email is a template from 'Alpaca Robotics Pty Ltd'. It features a blue button labeled 'View invoice' followed by the text '\$818.23 due 2 Mar' and 'INV-0483'. The body text reads: 'Hi, Please see INV-0483 for \$818.23. The amount outstanding of \$818.23 is due on 2 Mar 2023. If you have any questions, please contact me. Thanks, Alpaca Robotics Pty Ltd'.

Next is an example of a standard invoice email from a Xero user. Note the generic email address at the top.

Screenshot: Xero email template example



Check the format of the invoice number

Xero's invoice number starts with the prefix INV- and then a series of numbers.

MYOB uses an 8-digit number. For example 0000001, 0000002, 00000003 and so on.

Guide to help your suppliers send invoices to your agency

Use the following resources to support your suppliers to start sending you invoices.

Xero users

- Xero's [step by step instructions](#) on how to register and receive an invoice
- how to [send an invoice](#)
- a [Xero video clip](#) to help you register.

MYOB users

- MYOB step-by-step guide on [how to register for and send invoices](#)
- MYOB step-by-step guide on [receiving invoices](#).

Reckon users

- [How to get started with Reckon invoicing](#)
- invoicing for [Reckon One](#)
- invoicing for [Reckon Account Hosted](#).