

Embedding Business Efficiency

MYOB Submission on Business eInvoicing Right

25 February 2022

Level 3
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Dear Treasury

MYOB welcomes the opportunity to contribute to the Business eInvoicing Right (BER) Submission process.

At MYOB we are committed to helping SMEs start, survive and succeed. We believe eInvoicing is one of the most effective levers Government has to accelerate SME digitisation and materially enhance the flow of money through the economy and welcome the Government's commitment to an economy-wide application of the BER.

Our data tells us that SMEs are ready to adopt eInvoicing and, at a time when many businesses are recovering from the impacts of COVID-19, the BER can assist with revenue generation.

To this end, the economy would benefit from the roll-out of a streamlined, easy-to-use eInvoicing regime that encourages the participation of as many businesses as possible. By ensuring eInvoicing measures are designed with usability rather than compliance in mind the Government has the opportunity to create a scheme that positively engages businesses of all sizes.

If you require more information or have any questions, please contact Liv Monaghan at liv.monaghan@myob.com.

Yours sincerely,



Helen Lea
Chief Employee Experience Officer
MYOB

MYOB 2022/23 BUSINESS EINVOICING RIGHT SUBMISSION: EMBEDDING BUSINESS EFFICIENCY

BACKGROUND

MYOB has been a trusted Australian business management platform for over 30 years, providing local solutions to 1.3 million Australian and New Zealand small and medium-sized businesses. With a core purpose of helping more businesses in Australia and New Zealand start, survive and succeed, MYOB provides richly connected and adaptable cloud-based business management solutions which fit the ambitions of businesses with 0-1000 FTEs.

We deeply understand and recognise the unique needs of SMEs and are seeking to deliver a single Software as a Service (SaaS) platform to help them make confident business decisions underpinned by data-driven and digital operations. Our integrated solutions allow business to spend less time manually taking care of their finances and business processes, and more time operating and innovating.

As Prime Minister Morrison stated, “we must keep the foot on the digital accelerator to secure our economic recovery from COVID-19”¹.

MYOB welcomes the Government’s work to embed eInvoicing practices within the economy and advance the capabilities of the Australian business sector. Further, we welcome the proposed adoption of the PEPPOL system – ensuring Australia’s use of an international standard will create a best-practice regime that enables the future growth of our eInvoicing operability.

With the understanding that Government is undertaking a review of the possible scope and operation of eInvoicing within the Australian business ecosystem, our submission outlines ways we think the eInvoicing processes proposed in the BER Consultation Paper could be streamlined to ease the burden on both industry and Government.

MYOB POLICY POSITION

MYOB welcomes the Government’s commitment to encouraging adoption of business-to-business (B2B) eInvoicing. By encouraging businesses of all size to adopt eInvoicing, we see the BER as having the potential to provide a streamlined, automated process for businesses to receive payments at a time when revenue generation and cashflow management are crucial to the economy’s recovery.

We note from the Consultation Paper that the proposed staggered approach of including businesses in the Business eInvoicing Right (BER), starting with large businesses before aiming to expand the BER to eligible businesses of all size by end 2025, is due to the perceived relative ease with which large businesses can adopt new technologies. However, our research indicates SMEs are ready and willing to adopt eInvoicing and, as this submission will outline, we believe removing adoption barriers and encouraging B2B eInvoicing among all willing participants will result in greater snowballing of eInvoicing adoption.

We appreciate the time and consideration that has gone in to designing a potential framework for eInvoicing, and in to seeking industry input to the process to ensure outcomes align with Australia’s

¹ Prime Minister, Treasurer, Minister for Superannuation, Financial Services and the Digital Economy, *Media Release: A Modern Digital Economy to Secure Australia’s Future*, 6 May 2021.

modern business practices. As this submission outlines, MYOB recommends using existing technology to simplify processes and encourage even greater uptake of eInvoicing.

ENCOURAGE EINVOICING BY OPENING PARTICIPATION

MYOB supports the proposed rolling implementation approach to the BER, gradually expanding the mandatory participation in the scheme according to business size. We welcome the intention of providing necessary time to businesses needing additional support to update technology systems so they can ensure compliance with the BER.

Providing clarity on business size will drive policy adoption

We welcome the openness of the Consultation Paper in calling for industry input into how the BER may roll-out in a way that supports rather than constrains business practices. In particular, MYOB recognises the work Treasury is undertaking around defining business size categories to create a holistic understanding of what constitutes 'large', 'medium' and 'small' businesses in the BER.

With a busy digital regulatory landscape, the Government has a range of existing definitions of business size it can draw upon for the BER. We note some recent pieces of regulation, such as Single Touch Payroll Phase 2 (STP2) and the Payment Times Reporting Scheme (PRTS), each provide Government-led categorisations of business size according either to employee size (STP2) or net worth thresholds (PRTS).

In adopting definitions of 'large', 'medium' and 'small' businesses, MYOB encourages Treasury to consider and align with existing digital regulations. Encouraging consistency within the regulatory landscape will help avoid future definitional considerations, and by way of familiarity will make it easier for businesses to understand and engage with the policy.

SMEs are ready and keen to participate in the BER

Australian small and medium enterprises (SMEs) are primed to take advantage of the digital economy. According to our Business Monitor survey of over 1000 SME owners and operators, 53% of those who understand eInvoicing are calling for B2B eInvoicing to be mandated by Government, rising to 61% of sole traders². More than one-third (38%) of respondents say it will save them the equivalent of a working week in time each year³.

Supporting SMEs results in greater benefits to the economy

Swinburne University's 2021 Australian Leadership Index, a survey of 4,000 Australians, found SMEs are seen to provide more benefits to Australian society than large or multinational businesses. Australians view SMEs as trustworthy and transparent, having the highest levels of public faith in the private sector⁴. Creating regulation that considers and supports SMEs goes beyond benefiting business owners and managers.

² MYOB, *Business Monitor*, January 2021.

³ *Ibid.*

⁴ Swinburne University, *Australian Leadership Index*, August 2021.

Implementing regulatory changes that support SMEs result in flow-on benefits to the economy. Accounting for over 98% of Australian enterprises⁵, and over 68% of employment in the private sector⁶, SMEs play a crucial role in Australia's economic landscape.

EInvoicing saves businesses time and money. When factoring in the time spent manually handling invoices and invoicing procedures, Deloitte modelling finds it costs businesses \$30 to process a paper invoice, \$27 for an emailed PDF, and under \$10 to process an elnvoice⁷. With over 1.2 billion invoices exchanged annually in Australia⁸, MYOB models the economy-wide adoption of elnvoicing at a cost saving of almost \$23.5 billion to the economy and over \$11,000 in annual savings for SMEs⁹.

EInvoicing will also ease the compliance load of SMEs, enabling the correct tax treatment to flow from a trusted source. This creates flow-on benefits to other business enablement SMEs, further saving time for - and removing risk from - accountants and bookkeepers when completing BAS, GST and EOFY processing for clients.

Not only are SMEs ready and keen to participate in a mandatory elnvoicing scheme, they stand to benefit significantly from the faster payment times and cashflow benefits resulting from the BER. It is our view that opening the BER immediately to willing SME participants will result in benefits that extend beyond business owners and operators. SMEs contribute significantly to Australia's economy, employment and sense of community, and are crucial to Australia's recovery. Enabling these businesses to survive and grow has benefits beyond economic return.

MYOB Recommendation: Open BER Participation to all interested businesses

MYOB understands from discussions with Treasury that the plan of a gradual mandatory expansion of the BER - starting with large businesses - is to ensure regulatory non-compliance can be monitored and managed. We believe the BER framework should be designed with a view to encouraging as many businesses as possible to reap the benefits of elnvoicing. Shifting the focus of the model to stimulating elnvoicing adoption will result in a snowballed adoption of the regime – if businesses positively engage with BER from the outset, at their own will, the scheme is more likely to generate positive momentum.

At a time of economic recovery, when SMEs are ready to participate in the BER and are primed for the support resulting from elnvoicing's improved cashflow and payment times, **we recommend the Government open participation in the BER to interested businesses of all sizes.**

Should TSY seek to ensure the rolling-expansion of the BER continues to be mandated according to business size, in addition to opening participation to other willing groups, **we recommend aligning definitions with those already adopted in digital regulations** to generate definitional consistency among the Government's digital regulatory landscape.

LEVERAGE EXISTING TECHNOLOGY TO STREAMLINE EINVOICING PROCESSES

MYOB believes business usability and process ease will be crucial to the BER's success. We welcome Treasury's outlining of a potential BER process in the Consultation Paper (Figure 1), but note this

⁵ Australian Small Business and Family Enterprise Ombudsman, Small Business Counts, December 2020.

⁶ OECD, Financing SMEs and Entrepreneurs 2020 – A Scorecard: Australia, 2020.

⁷ Deloitte Access Economics, [Tax Insights – Introduction of E-Invoicing into the Australian Market](#), 2021.

⁸ Australian Taxation Office, [E-Invoicing for Government](#)

⁹ MYOB internal modelling (2021). Further information available on request.

contains a number of business touchpoints. The core benefits to business of eInvoicing are the time and process efficiencies it offers, and we are concerned that too many touchpoints may undermine the net benefits otherwise offered to Australian businesses.

Minimising business touchpoints in eInvoicing processes

As demonstrated below, the process outlined in the BER Consultation Paper requires both businesses to undertake a number of actions, creating business touchpoints that can otherwise be automated through the use of existing technologies designed to support PEPPOL operations.



To demonstrate how existing technologies can support and streamline Treasury's proposed eInvoicing workflows, we have outlined three eInvoicing processes. The first, in echoing the process outlined in the Consultation Paper, demonstrates the steps and actions required when one business requests an eInvoice.

The buying business requests an eInvoice



Noting the Government's ultimate aim for the BER is to have as many businesses as possible be eInvoicing enabled, this process can be further streamlined where both businesses are eInvoicing accredited and one defaults to sending an eInvoice.

A business defaults to issuing an eInvoicing



We recognise a core component of Treasury's proposed model is the existence of a public register, detailing BER-eligible businesses. Under Treasury's proposed eInvoicing process, both businesses are required to manually check the eligibility of the other business to send or receive an eInvoice.

These recommendations rely heavily on the inherent advantages of the PEPPOL framework. PEPPOL Authorities, as part of their normal operations, automatically determine a businesses' eInvoicing authorisation and eligibility to participate in the BER regime. By relying on existing tech capabilities, the business touchpoints for checking this register can be removed.

We note that one potential disruption to this automation would be if a one business sends an eInvoice to a business that does not have receive capabilities. However, as demonstrated below, there are existing tech solutions to minimise this disruption.



MYOB Recommendations: Streamline processes to drive uptake, and rely on existing technology to ease administrative burdens

From discussions with Treasury, MYOB understands a key motivator of Treasury's proposed public register is the desire to track and respond to reports of non-compliance. With a view to ensuring as many businesses as possible are encouraged to adopt eInvoicing, we believe this policy should be designed with the carrot, not the stick, in mind – **processes should be streamlined so there are as few business touchpoints as possible**. Further, we note the ability to create and update a register will create a significant administrative burden for Government.

When considering the additional burden placed on business through the requirement to check this register before sending or receiving an eInvoice, we question whether this process step undermines the benefits otherwise offered by eInvoicing.

Removing the need for a register by leveraging existing tech capabilities will not remove the existence of a centralised database Government can use to check compliance. Under the proposed terms of the BER and existing eInvoicing requirements, Government agencies (Treasury and the ATO) are already involved in managing and monitoring business authorisation. As such, in lieu of a public register that needs to be checked by businesses as part of any eInvoicing process, **we recommend Government rely on existing Government-held data to check compliance when required**.

P2P: INDUSTRY CONSIDERATIONS

MYOB welcomes Treasury's consideration of Procure-to-Pay (P2P) eInvoicing as a future evolution of the BER. Due to the streamlined payments pipeline that P2P would deliver, we see it as having the potential to deliver significant benefits to those industries with complex supply chains most impacted by COVID-19 and associated lockdowns, such as construction, manufacturing, and retail.

In an effort to build a P2P process that is readily implemented, we note there are some barriers and complexities Treasury may want to feed into initial planning and design. These complexities centre around cost and increased pressure on business operations.

Cost

P2P workflows require an additional layer of software capability, requiring the development of a common set of item codes to enable companies to interact on a common set of data. The current cost of establishing these workflows and building these tech capabilities may be prohibitive for many SMEs.

Increased pressure on business operations

Compared to B2B eInvoicing, the additional standards and requirements underpinning P2P significantly increase the number of transactions processed by a business. Where B2B requires a single invoice and transaction, we measure P2P processes to require a minimum of five transactions to ensure data integrity. Businesses who do not have advanced business processes in place may struggle to meet these requirements without updating their processes.

Further, P2P introduces time sensitive processes. These often require the involvement of more people, making successful execution challenging. Considering the impacts on existing business operations, the return on investment for smaller businesses for implementing P2P can be difficult to demonstrate.

MYOB Recommendation: Maintain P2P as a future consideration

Given these challenges many businesses may face in implementing P2P processes, we recommend consideration of how P2P can be implemented in a way that considers the impacts on SMEs. Ensuring these complexities are factored in during program design will increase the likelihood of smooth P2P delivery.

As such, we **recommend applying a SME lens to any P2P exploratory work so the Government can continue to satisfy itself of the benefit to SMEs.**

To avoid any delays in passing the benefits of P2P on to the economy, **should the Government wish to implement a staged delivery of P2P, MYOB recommends taking a sector-specific approach, assisting economic recovery by starting with the sectors hardest hit by COVID-19 economic measures.**

We would welcome the opportunity to provide any additional information on the complexities outlined, and explore how P2P may operate within larger businesses, such as MYOB.

SUMMARY

MYOB thanks Treasury for the opportunity to submit views on the proposed Business eInvoicing Right (BER). We welcome the Government's ongoing commitment to improving business processes while saving Australian businesses time and money.

Central to the success of the BER will be usability and business buy-in. As such, we encourage any processes to be as light touch as possible from a business perspective. Relying on existing technology and automated processes, making eInvoicing adoption and usage as easy as possible for business owners and operators, will be crucial to its future success.

Many SMEs are ready for eInvoicing and are poised to benefit most from the time and cost savings it affords. Opening the dancefloor to all willing participants, regardless of size, will create a positive eInvoicing ecosystem.

We are enthused by the Government's dedication to ensuring its proposed eInvoicing Right is fit-for-purpose and will enhance rather than hinder business operations and would welcome the opportunity to continue to work with Government to advance the BER's operability.



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