

How to benefit your ROI using e-Signatures

#1. Reverse Tax Burden-of-Proof



**Guaranteed certainty
through legally recognized
security technology**

Nearly all countries award “exceptional evidence” status to high-quality electronic signatures. In most countries, when an invoice is sealed and meets strict e-signature legal requirements, anyone challenging the integrity and authenticity of your invoices has to prove they are not real. This unique feature provides an unprecedented level of legal certainty: you don’t have to wait until the next tax audit to know if your e-invoicing investment is at risk because of legal discrepancies.

Comparing Alternative Methods (EDI, audit trail...):

Only certain types of electronic signature use can legally reverse the burden of proof concerning integrity and authenticity: especially in tax audit situations, the taxable person generally carries the burden of proof for demonstrating compliance with legal requirements. While the EU EDI method provides some predictability –if correctly implemented including comprehensive interchange agreements, e.g., evidence of secure transport and automated syntax controls on both ends of the transaction– there is no international implementation-relevant definition sufficiently detailed and anchored in law to provide real legal certainty. No other method can provide legal certainty including the maintenance of historical audit trails combined with evidence of adequate IT controls.

How to benefit your ROI using e-Signatures #2. Accelerate Tax Audits



E-Signatures



Instantaneous invoice integrity and authenticity evidence can accelerate tax audits

When you use electronic signatures, a tax auditor can verify with a single click that invoices –the backbone of almost all accounting processes– are authentic and have remained unchanged since they were issued. Many tax administrations reward such irrefutable evidence with a significant reduction of time and intrusion required to audit other control evidence and trade or transport documentation.

Comparing Alternative Methods (EDI, audit trail...):

The larger the “audit surface” –the more external information– required to prove invoice integrity and authenticity, the longer it takes an auditor to verify these features and the more intrusive the verification process. For EU EDI compliance, the integrity and authenticity evidence for an e-invoice is based on historical interchange security/control and agreement information. When relying on business process audit trails and historical IT control evidence to demonstrate e-invoice integrity and authenticity, the audit surface is typically large. Also, an EU audit trail must be demonstrably “reliable” and prove not only the integrity and authenticity of the invoice but the veracity of the actual supply. In addition, the 18 EU Member States that have transposed the option of Art 247 paragraph 2 of the VAT Directive, the audit trail must be available in electronic form.

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#3. Simplify Tax Evidence Gathering



Using e-signatures as a baseline makes it easier to roll out e-invoicing across all trading partners regardless of their size and level of B2B automation

Using electronic signatures as evidence satisfies legal requirements exceptionally well using a simple technical approach suitable for all B2B partners regardless of their size and sophistication. Most companies must interact with a wide variety of partners, many having unique processes. Many trading partner relationships cannot fully formalize and automate the exchange of all procurement and transport data in such a way as to allow both parties to maintain adequate invoice evidence on the basis of process audit trails alone.

Comparing Alternative Methods (EDI, audit trail...):

The EU EDI compliance method implies that both trading partners have the ability to have a streamlined automated process linking their accounting data to a B2B communication component – there is a natural limit to the type and size of trading partners that can easily implement such systems and ensure the related evidence management during the storage period. The same applies to relying on business process audit trails and historical IT control evidence to demonstrate integrity and authenticity of the e-invoice: many smaller or more ad hoc trading partners may not go beyond a rather primitive use of purchase orders – but it is not unusual for companies not to exchange any formal trade documentation at all, or even not to conclude an explicit contract. Companies that want to have a single evidence strategy for all trading partners and processes will often end up deploying electronic signatures as a robust baseline.

How to benefit your ROI using e-Signatures #4. Comply Across All Borders



Evidence based on electronic signatures benefits from the highest level of recognition in all countries that allow e-invoicing

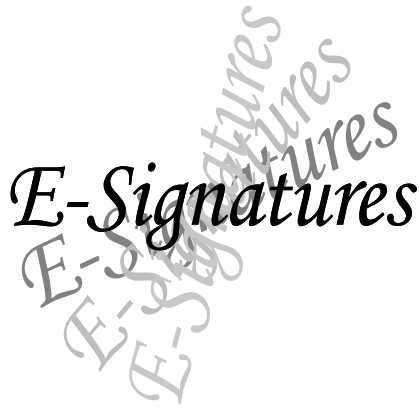
All countries that allow electronic invoicing recognize electronic signatures as a method to meet the key requirements of long-term integrity and authenticity evidence. Electronic signature technology and practices are highly interoperable worldwide, and e-signature laws benefit from a much higher level of harmonization than any comparable method or technology for proving the integrity and authenticity of electronic data.

Comparing Alternative Methods (EDI, audit trail...):

Where options to provide evidence in other ways are legally available (in some countries, electronic signatures are simply mandatory), such options are often defined in locally specific ways that do not easily lend themselves to a globally uniform evidence strategy.

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#5. Prevent Invoice Fraud



Criminals can easily replicate your invoice layout and brand resulting in brand damage, lost time and added expense.

The United Kingdom's National Fraud Intelligence Bureau (NFIB) has warned of a recent rise in fraudulent activity, particularly 'invoice fraud,' as one example of this global trend. All countries that allow electronic invoicing recognize electronic signatures as a method to meet the key requirements of long-term integrity and authenticity evidence. Electronic signature technology and practices are highly interoperable worldwide, and e-signature laws benefit from a much higher level of harmonization than any comparable method or technology for proving the integrity and authenticity of electronic data.

Comparing Alternative Methods (EDI, audit trail...):

Particularly in the (very large) market space where email is the principal transport mechanism of e.g. PDF invoices, an invoice that does not include intrinsic integrity and authenticity evidence can more easily be used for fraudulent "ghost" invoices.