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Tax Alert

Issue of electronic invoices during the state of emergency


New Decree with the force of law on the application of the Value Added Law during the state of emergency which entered into force on 27 March 2020.

At a time of movement restriction, when business communication between companies and doing business in general is severely hampered, there is a legal opportunity to issue electronic invoices. By issuing and receiving electronic invoices you eliminate the need for paper and physical transport of invoices, which also reduces the health risk for your employees and business partners. The Decree with the force of law of the Government on the application of the VAT Law during the state of emergency (the "Decree") regulates in more detail the form and the transmission of electronic invoices during the state of emergency.

1. Form of electronic invoice

According to the Decree, electronic invoice is an invoice in electronic form (pdf or other electronic format) which contains all the elements prescribed under the VAT Law and is delivered electronically to the recipient of the supply.

The Decree abolishes the requirement for the electronic invoice to be signed with a use of a digital certificate by the person authorized to sign invoices at the taxpayer. This implies that an electronic document containing a scanned handwritten signature of the person authorized to sign invoices, could



also be considered as proper electronic invoice. This possibility significantly facilitates the issuance of electronic invoices during the state of emergency.

The Decree does not affect the right of taxpayers to issue electronic invoices which are electronically signed using a qualified digital certificate.

2. Consent for electronic invoice delivery

The Decree abolishes the requirement for the recipient of the electronic invoice to give explicit consent in hard copy to the issuer of the electronic invoice.

The novelty is that the issuer of the invoice has to notify the recipients of the supply by email, electronic message and/or otherwise, that during the state of emergency the invoices will be issued to them in electronic form. Otherwise, the taxpayer will have to continue issuing hard copy invoices.

Within 10 days from receiving the notification, the recipient of the supply has the right to inform the issuer of the invoice that the form of electronic delivery is not acceptable. If the recipient of the supply does not reject the form of electronic delivery within this deadline, it would be deemed that the recipient had agreed to it.

3. Legal requirements for electronic invoice

The invoice issued in electronic form should meet the following requirements:

- ✓ to ensure the authenticity of the origin of the invoice in a way that the recipient of the invoice can unambiguously determine that the invoice has been sent by the issuer of the invoice,
- ✓ to ensure the integrity of the content of the invoice in a way that the technology and procedures applied do not allow the invoice data to be amended,
- ✓ to ensure the invoice to be readable in the same way as in hard copy.

Taxpayers who issue and receive electronic invoices are obliged to maintain records in accordance with requirements of the VAT Law.

4. Taxpayer's rights based on electronic invoices

Pursuant to the conditions prescribed under the VAT Law, electronic invoices issued in accordance with the Decree will give the recipient of the invoice the right to recover the input tax, the right to partially deduct input taxes, and the right to correct the recovery of the input tax.

How can we help you?

PricewaterhouseCoopers DOOEL can provide you with:

1. Advice on the application of the Decree with the force of law on the application of the VAT Law during the state of emergency;
2. Advice on legal aspects of implementation of e-invoicing system using a digital certificate, according to your needs;
3. Assistance and advice on various issues related to the introduction of electronic invoices.

For more details on the above provisions please refer to your usual contact within PricewaterhouseCoopers or the persons indicated in the Contacts Section.

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