



## No Transaction Left Behind: Tax Automation's Role in E-invoicing Compliance

The new e-invoicing era places major demands on indirect tax teams and their tax compliance solutions

## What would you do if your company's invoices were effectively treated as miniature tax returns the moment they were issued? And what if these real-time e-invoice reporting requirements varied from country to country or from customer to customer?

Those questions are not hypothetical for companies that operate in the European Union (EU) or that trade with EU-based companies. Plus, numerous other countries are moving ahead with their own e-invoicing mandates. The EU's VAT in the Digital Age (ViDA) policy framework, which will overhaul VAT reporting processes, is not the only driver of e-invoicing and related real-time reporting mandates. Tax jurisdictions in Latin America pioneered e-invoicing requirements in the 2010s, and more countries have followed suit since then. Accuracy and efficiency benefits combined with the widespread implementation of advanced automation systems are also stoking interest in e-invoicing adoption among trading partners. Billentis refers to this dynamic as an "integrated digital trade" model in which indirect tax compliance digitally integrates with procurement, sales and related accounting activities.<sup>1</sup>

Indirect tax leaders whose companies operate in the EU and other regions with evolving e-invoicing mandates are well-aware of these dynamic compliance requirements. Yet, many CFOs, CIOs, accounts receivable (AR) managers, accounts payable (AP) managers, and procurement leaders may need help grasping the magnitude of the changes that finance, accounting, and procurement groups must implement in lockstep with IT teams to stay compliant.

In addition to defining their tax group's e-invoicing compliance role, Vertex customers should also keep in mind that:

- Vertex offers a full, global compliance suite that includes VAT compliance automation with an integrated e-invoicing solution, Vertex e-Invoicing.<sup>2</sup>
- EU e-invoicing requirements provide a strong incentive for implementing a solution that combines VAT compliance and e-invoicing compliance via a single user experience.
- The evolving, disparate nature of each European tax jurisdiction's interpretation of the EU's e-invoicing mandate poses significant challenges to homegrown and point solutions.
- The tax leader's role in e-invoicing compliance is crucial and highly collaborative, given that the implications of e-invoicing mandates affect processes that exist beyond the direct control of tax leaders. Nevertheless, tax leaders can still be taken to task by jurisdictional authorities for any compliance or related reporting errors.



## E-invoicing Compliance: It is to become for Tax, what SOX is for finance & accounting

Before assessing the cross-functional impacts of e-invoicing compliance (along with automation solutions that address those challenges), it helps to recognize the magnitude of the shift that will occur as e-invoicing requirements are incorporated into business processes.

Veteran corporate finance and accounting professionals who navigated the extended rollout of the U.S. Sarbanes-Oxley Act's (SOX's) at the beginning of this century can expect e-invoicing compliance to pose a similar burden on multi-national businesses. Tax, AR, AP and procurement teams are affected along with finance, treasury and IT groups as enablers. Legal, compliance and risk management functions in larger enterprise may also be involved.

Framing e-invoicing compliance as a "SOX for tax" endeavor is useful because it helps indirect tax leaders and their teams:

- Convey the difficulty of transforming a groundbreaking policy overhaul into practical compliance requirements:** The U.S. Securities and Exchange Commission was forced to delay a string of initial SOX compliance-reporting deadlines because of the excessive amount of work involved in codifying a historic piece of sweeping legislation into clear, enforceable rules. In the EU, each Member State is now working to converge ViDA e-invoicing standards with their domestic e-invoicing rules. The degree to which country-specific rules vary will directly influence the difficulty of compliance activities.
- Underscore the need for supporting automation to address tax compliance:** SOX forced in-scope companies to redesign financial reporting processes and controls throughout the organization. SOX requirements also thrust financial reporting, financial controls, and related accounting considerations to the front and center of ERP system deployments. Two decades later, SOX compliance controls and processes have become embedded throughout the ERP ecosystem. Tax leaders should expect tax compliance controls and processes to become similarly high-priority considerations when organizations deploy new ERP, accounting, procurement and tax automation solutions.
- Recognize how compliance mandates can elevate tax leaders, like CFOs before them, to "strategic business partner" status:** Prior to SOX, CFOs were largely viewed as the organization's topmost accounting officer, primarily responsible for tallying past results. Today, most CFOs are viewed as the CEO's second in command – strategic business partners who provide forward-looking analyses, a broad range of business performance analytics and strategic insights. Tax leaders will have similar opportunities to leverage e-invoicing compliance efforts to elevate their own credibility as strategic business partners.



## Ensuring that no Transaction is Missed

As e-invoicing mandates and compliance efforts evolve, they are likely to parallel the way that compliance processes and controls were integrated into ERP systems and ecosystems as SOX compliance progressed. The deployment of new supporting automation will be crucial to consider within companies that conduct even a modest volume of transactions in countries with e-invoicing rules and/or that are subject to e-invoicing requirements in more than one or two jurisdictions.

As indirect tax leaders discuss e-invoicing compliance challenges with finance and IT colleagues, they should consider a range of tax technology-related points, including:

- Businesses and operations outside of the U.S. generally have less advanced automation in place:** The risks of not having an automated VAT determination and compliance solution in place will become apparent the moment an organization restructures its processes to support e-invoicing compliance. That said, tax authorities will be able to immediately subject tax data to advanced analytics tools that compare your tax data and treatments to industry peers and competitors. Data that is incomplete, inaccurate or contains other anomalies will be immediately detected.
- Tax authorities are poised to extend e-invoicing to cross-border transactions:** While most e-invoicing requirements currently apply to domestic transactions within a country, tax and finance leaders can expect these mandates to extend to cross-border transactions. Data in Italy, an early e-invoicing adopter, indicates that a large proportion of existing VAT fraud (which e-invoicing helps combat) stems from missing traders in cross-border transactions.
- Home-grown and point solutions have limits:** The risks associated with investing in a custom, in-house e-invoicing solution stems less from the initial “build” costs and much more from the cost of regular maintenance and ongoing updates. Indirect tax rules and rates continually change; so, too, will schemas and format requirements of e-invoicing reporting. Point solutions that support e-invoicing compliance requirements in a specific jurisdiction tend to need frequent, expensive updates while falling short of a growing global company's scalability needs.
- Vertex invested in a scalable e-invoicing solution:** Last year, Vertex completed its acquisition of ecosio, a leading B2B integration provider that specializes in electronic data interchange (EDI) and e-invoicing.<sup>3</sup> We're in the process of integrating ecosio's technology into our global VAT compliance solution to create a scalable platform for automating business transactions and managing indirect tax reporting and e-invoicing from a single portal. The release of Vertex e-Invoicing is now part of our extensive compliance suite: it gives customers access to VAT compliance and e-invoicing compliance through a single-user experience that connects directly to your ERP system(s) to automate the transmission of standardized documents across the supply chain in a global, scalable manner. Vertex e-Invoicing streamlines the entire e-invoicing process (for both AR and AP transactions) including validation, creation, submission, clearance, and e-archiving of e-invoices in compliance with jurisdictional mandates for B2B/B2G transactions. Your organization can also rely on Vertex's automated reconciliation of e-invoices to support consolidated periodic VAT reporting. The ultimate goal of our solutions is to help your company ensure that not a single transaction is overlooked from a tax compliance and reporting perspective.
- Flexible deployment options support a range of needs:** Our solution can support gradual, country-by-country or business-unit-by-business-unit migrations to e-invoicing or a multi-country, multi-business implementation. Since our solution operates outside of the ERP system, it provides stable e-invoicing compliance support even when organizations change or upgrade their ERP solutions. As such, our solution can easily operate in a modular, standalone manner.
- The Vertex e-Invoicing roadmap has no endpoint:** As a Vertex customer, you can deploy the e-invoicing solution for one country or 20+ countries while knowing that Vertex is committed to providing an integrated VAT reporting and e-invoicing solution. Our solution's multi-country coverage will continue to expand as new e-invoicing mandates emerge.
- Customers shape Vertex solutions:** Customers' needs and expectation helped drive the design of Vertex e-Invoicing. Vertex develops features and functions that are inspired by its existing suite of products, all of which are built and stress-tested with input from customer advisory boards and other customer interactions.
- E-invoicing automation helps identify leading practices and efficiency improvement opportunities:** Companies subject to new and emerging e-invoicing rules tend to have global ambitions. Optimizing the benefits associated with pursuing those ambitions requires regulatory and compliance hurdles to be cleared with maximum accuracy, efficacy and efficiency. The automated, standardized approach that Vertex's suite of compliance solutions provides helps businesses grow faster and smarter.

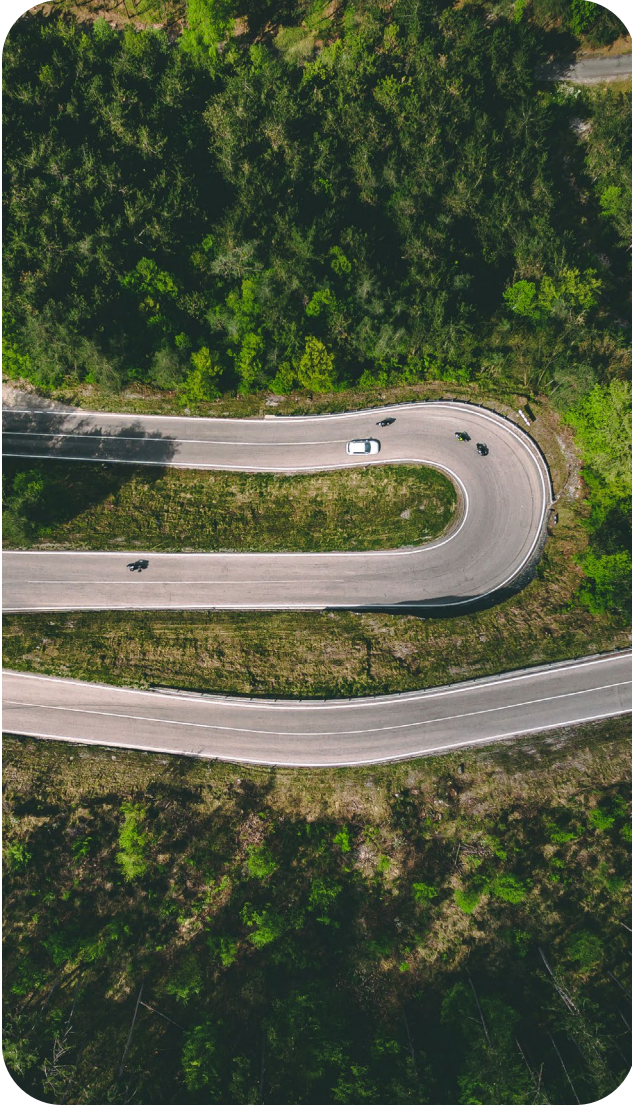
## E-invoicing is Bigger than Tax

As leaders outside the indirect tax group assess e-invoicing mandates, phrases like continuous transaction controls (CTC), real-time reporting, transaction validation, reliance on mandated clearance models, XML formats or schemas for e-invoicing structures, and digital submissions may raise additional questions and concerns. These questions can sow confusion and delay the e-invoicing compliance effort.

Those terms relate to specific facets of e-invoicing compliance requirements, which come in multiple flavors across jurisdictions. Finance, accounting, procurement and IT colleagues should know that that different jurisdictions have unique combinations of e-invoicing objectives and rules – and that standardization among these rules is unlikely to occur any time soon. Ultimately, tax leaders can rely on Vertex e-Invoicing as it addresses all of those requirements, along with the required government platform integration for the final reporting aspects.

Providing tax authorities real-time access to invoice data requires tax leaders and their teams to influence colleagues who oversee tax-adjacent processes that affect the accuracy and structure of tax data on e-invoices. To wield this influence while playing a leading role in developing an e-invoicing compliance capability, tax leaders should recognize that:

- The tax function is larger than the tax group:** Tax executives manage their staff, compliance and planning processes, tax technology solutions and tax data; however, they do not have direct control over transactional processes, including billing and payables, that affect the accuracy and timeliness of tax data – and tax compliance and reporting. “Many of these resources and actions—including ERP systems, accounts receivable activities, procurement platforms, supply chain management decisions, warehouse locations, e-commerce applications, and much more—exist outside the direct control of the chief tax officer,” notes Vertex Vice President and Chief Tax Officer Michael Bernard. “So, tax leaders are accountable but not directly responsible for substantial portions of the tax function.” Managing this dynamic requires proactive coordination among tax, finance, IT, procurement, AP/AR, legal and compliance groups. It is crucial for these stakeholders to align on e-invoicing data requirements as a business need.
- The impacts of e-invoicing on finance and treasury functions:** Tax leaders should ensure that CFOs understand that e-invoicing compliance errors can result in delayed payments from customers. If these delays occur at a sufficient frequency and or volume, they can have negative impacts on cashflow management, which also affects treasury teams.
- How e-invoicing affects procurement, AP and AR groups:** The accuracy and efficiency of invoice processing activities now qualify as a business concern in jurisdictions with e-invoicing mandates. Tax groups should work with procurement, AP and AR groups to help ensure that processes in those areas are reworked to support e-invoicing compliance needs. Working closely with tax and IT colleagues on systems integrations and data quality management activities is a must. E-invoicing compliance also requires real-time (and rigorous) oversight of all commercial transactions to determine tax liable entities, place of supply, applicable tax rates and tax code assignments.
- IT groups may need to be sold on the benefits of addressing tax automation in larger systems upgrades and migrations:** Tax leaders should advocate for the inclusion of VAT compliance and e-invoicing automation requirements (and new supporting technology) in advance of ERP upgrades and cloud migrations and/or the implementation of new procurement platforms.
- Tax leaders are in a highly visible, high-risk position:** When tax authorities spot e-invoicing compliance issues, their first call will be to the highest-ranking tax leader in an organization. This will be the case regardless of where the root cause of the tax compliance error originated. If the errors are material enough, they could trigger penalties, lawsuits and even the revocation of the company's VAT registration (i.e., the ability to operate in that jurisdiction).
- Tax needs to be in the room throughout the compliance effort:** Given these risks, the tax group should be involved early, and throughout, the e-invoicing compliance lifecycle. By raising tax-related e-invoicing challenges to other project team members, tax leaders can strengthen their own capabilities while increasing the likelihood that e-invoicing automation will be deployed swiftly and effectively within their business.



## Conclusion: Future-Proofing Tax Compliance with E-Invoicing Automation

As more global tax authorities roll-out e-invoicing mandate, sustaining compliance will no longer be the exclusive responsibility of the tax group. Instead, these requirements will need to be addressed as a strategic, cross-functional business priority. Much like SOX transformed financial reporting, e-invoicing will reshape tax compliance, financial operations, and digital trade. Capturing, validating, and reporting every transaction in real time is key to regulatory compliance, business efficiency, cash flow and long-term scalability.

With tax authorities leveraging advanced analytics to instantly detect errors, companies cannot afford to rely on outdated manual processes or fragmented compliance solutions. A modern, automated approach—one that seamlessly integrates VAT compliance with e-invoicing—ensures that businesses can meet current and future mandates without disrupting operations.

[Vertex e-Invoicing](#) delivers a scalable, future-proof solution that aligns tax compliance with enterprise-wide digital transformation efforts. By embedding tax automation within ERP and finance systems, organizations can eliminate compliance blind spots, enhance operational efficiency, and safeguard business continuity. As tax leaders will step into more strategic roles, their ability to drive e-invoicing compliance will not only protect their organizations from financial and reputational risks but also position them at the forefront of digital tax transformation.

**No transaction left behind—that is the future of e-invoicing compliance.**

[Learn more about Vertex e-Invoicing today.](#)

### End Notes

<sup>1</sup> [https://www.billentis.com/assets/reports/einvoicing\\_taxcompliance-watch\\_the\\_tornado.pdf](https://www.billentis.com/assets/reports/einvoicing_taxcompliance-watch_the_tornado.pdf)

<sup>2</sup> <https://www.vertexinc.com/solutions/products/vertex-e-invoicing#discover>.

<sup>3</sup> <https://ir.vertexinc.com/news-releases/news-release-details/vertex-completes-acquisition-ecosio>.

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