

# Using the Peppol Network for Domestic E-Invoicing in Italy

## Overview

The Peppol (Pan-European Public Procurement On-Line) network enables standardized electronic document exchange between businesses. For Italian domestic e-invoicing, both sender and receiver communicate through access points like HubBroker, which acts as the service provider connecting participants to the Peppol network.

## Key Components

### Participants

- **Sender:** The business issuing the e-invoice
- **Receiver:** The business receiving the e-invoice
- **Service Provider (HubBroker):** The certified Peppol access point facilitating the exchange

### Identification

Each participant needs a Peppol ID (also called Participant ID), which in Italy typically uses:

- **VAT number** (Partita IVA) - format: 9907:ITxxxxxxxxxxx (11 digits)
- **Codice Fiscale** - format: 0210:ITxxxxxxxxxxxxxxxx (for individuals/professionals)
- **Codice Destinatario** - format: 0201:ITxxxxxxx (7-character SDI code)
- **GLN** (Global Location Number) - format: 0088:80xxxxxxxxxxx

## Italian SDI (Sistema di Interscambio) System

Italy has a unique mandatory e-invoicing system that all domestic invoices must pass through:

### SDI Overview

- **Mandatory since 2019:** All B2B, B2C, and B2G domestic invoices must be transmitted via SDI
- **Central hub:** SDI is operated by Italian Revenue Agency (Agenzia delle Entrate)
- **Validation and routing:** SDI validates invoices and routes them to recipients
- **Tax compliance:** Primary purpose is VAT monitoring and tax fraud prevention
- **FatturaPA format:** Specific XML format required for SDI submission

## How SDI Works

1. Sender creates invoice in FatturaPA XML format
2. Invoice is sent to SDI (directly or via intermediary)
3. SDI validates the invoice format and content
4. SDI assigns unique invoice identifier
5. SDI routes invoice to recipient based on their registered delivery channel
6. SDI provides delivery receipt to sender
7. SDI stores invoice data for tax authority access

## Outbound E-Invoicing Process (Sending)

### 1. Registration with HubBroker

- The sender registers as a Peppol participant through HubBroker
- Sender also registers their delivery preferences with SDI (if not already done)
- HubBroker registers the sender in the Peppol SMP (Service Metadata Publisher) directory

### 2. Invoice Creation

- Sender creates invoice in their ERP/accounting system
- Invoice is converted to FatturaPA XML format for SDI compliance

### 3. Dual Transmission via HubBroker

#### A. For Italian domestic invoices:

- HubBroker submits the invoice to SDI system (mandatory)
- HubBroker receives SDI acknowledgment and delivery status
- Optionally, HubBroker can also send via Peppol for enhanced business workflow

#### B. For cross-border invoices:

- HubBroker converts to Peppol BIS Billing 3.0 format (UBL or CII XML)
- HubBroker sends through Peppol network to international trading partners

### 4. Delivery Confirmation

- HubBroker provides SDI delivery status back to the sender
- Sender receives confirmation of SDI acceptance and delivery to receiver
- For Peppol cross-border: confirmation that invoice reached receiver's access point



## Inbound E-Invoicing Process (Receiving)

### 1. Registration with HubBroker

- The receiver registers their Peppol ID with HubBroker
- Receiver registers their Codice Destinatario with SDI, pointing to HubBroker's channel
- HubBroker publishes the receiver's endpoint information in the Peppol SMP directory

### 2. Invoice Reception from SDI

- When a sender transmits an invoice via SDI to the receiver's Codice Destinatario
- SDI validates and routes the invoice to HubBroker's accredited channel
- HubBroker receives the FatturaPA XML from SDI

### 3. Invoice Reception from Peppol (Cross-border)

- International senders use Peppol network
- HubBroker receives Peppol BIS format invoice
- HubBroker converts to FatturaPA and submits to SDI (if required for Italian tax compliance)

### 4. Processing via HubBroker

- HubBroker receives and validates the incoming e-invoice
- HubBroker can transform the invoice format if needed (e.g., from FatturaPA XML to receiver's preferred format)
- HubBroker sends delivery receipt to SDI (mandatory acknowledgment)
- HubBroker notifies the receiver of the new invoice

### 5. Delivery to Receiver

Invoice is delivered to the receiver through their preferred method:

- Direct integration with ERP/accounting system (API)
- Web portal access through HubBroker's platform
- Email notification with download link
- File transfer (SFTP, AS2, etc.)

## Italian-Specific Requirements

For domestic Italian e-invoicing, ensure:

- **FatturaPA format:** Mandatory XML format for all domestic invoices
- **SDI transmission:** All Italian domestic B2B/B2C invoices must pass through SDI

- **Codice Destinatario:** 7-character code identifying receiver's delivery channel
- **PEC alternative:** Certified email (PEC) can be used if Codice Destinatario not provided
- **Partita IVA:** Italian VAT number must be correctly formatted
- **Digital signature:** Optional but recommended XML digital signature (XAdES)
- **Conservazione sostitutiva:** Legal requirement for digital preservation (10 years)
- **Language:** Invoice content typically in Italian for domestic transactions
- **Currency:** EUR (Euro) is the standard currency for Italian invoicing

## Benefits of Using HubBroker as Service Provider

- **SDI accreditation:** HubBroker is an accredited SDI channel partner
- **Dual compliance:** HubBroker handles both mandatory SDI submission and optional Peppol exchange
- **Format handling:** Automatic conversion between FatturaPA and Peppol BIS formats
- **International reach:** Single connection for both Italian domestic (via SDI) and cross-border (via Peppol) invoicing
- **Compliance:** Ensures invoices meet both SDI/FatturaPA and Peppol requirements
- **Directory management:** HubBroker handles both SDI registration and Peppol SMP registration
- **Support:** Technical assistance for Italian compliance requirements and SDI integration
- **Monitoring:** Track both SDI delivery status and Peppol transmission confirmations
- **Error handling:** Management of SDI validation errors and resubmissions
- **Archiving support:** Assistance with conservazione sostitutiva requirements

## Implementation Steps

1. **Choose identifiers:**
  - Peppol ID (typically VAT-based: 9907:ITxxxxxxxxxxx)
  - Codice Destinatario (7-character SDI code provided by HubBroker)
2. **Sign agreement with HubBroker as your Peppol access point provider and SDI channel partner**
3. **SDI registration:**
  - Register Codice Destinatario with Italian Revenue Agency
  - Point it to HubBroker's accredited channel
4. **Configure integration between your systems and HubBroker**
5. **Test transactions in both SDI test environment and HubBroker's test environment**
6. **Go live and start exchanging e-invoices domestically (via SDI) and internationally (via Peppol)**

## Italian E-Invoicing Landscape

Italy has one of Europe's most comprehensive mandatory e-invoicing systems:

### Current Status

- **Mandatory since January 2019:** All B2B and B2C domestic invoices
- **SDI central hub:** All domestic invoices must pass through SDI
- **Tax compliance focus:** Primary objective is VAT fraud prevention
- **High compliance:** Near 100% adoption rate for Italian businesses
- **FatturaPA standard:** Specific Italian XML format (based on UBL but with Italian customizations)
- **Public and private:** Mandate covers both B2G and B2B/B2C transactions

### Historical Context

- **2014-2018:** FatturaPA mandatory for public sector (B2G)
- **January 2019:** Extended to all B2B and B2C transactions
- **Exemptions:** Very limited (mainly cross-border transactions and specific sectors)

## Understanding the Dual System

### SDI Sistema di Interscambio (Mandatory for Domestic)

- **Purpose:** Tax compliance, VAT monitoring, and invoice routing
- **Recipient:** Italian Revenue Agency (Agenzia delle Entrate) processes all invoices
- **Scope:** All Italian domestic B2B, B2C, and B2G invoices
- **Format:** FatturaPA XML format
- **Requirement:** Mandatory by law
- **Geography:** Italian domestic transactions only

### Peppol Network (For Cross-Border and Enhanced Workflow)

- **Purpose:** International invoice exchange and enhanced business document workflow
- **Recipient:** International trading partners outside Italy
- **Scope:** Cross-border transactions with EU and global partners
- **Format:** Peppol BIS Billing 3.0 (UBL/CII)
- **Requirement:** Optional but recommended for international trade
- **Geography:** International transactions

## HubBroker's Integrated Role

HubBroker manages both aspects:

- **Domestic Italian invoices:** Submission to SDI in FatturaPA format (mandatory)

- **Cross-border invoices:** Transmission via Peppol in international formats
- **Format conversion:** Between FatturaPA and Peppol BIS formats
- **Unified interface:** Single integration point for all invoicing needs
- **Compliance assurance:** Both SDI and Peppol requirements met

## FatturaPA Format Overview

### Key Characteristics

- **XML-based:** Structured XML format
- **Italian customization:** Based on UBL but adapted for Italian requirements
- **Mandatory fields:** Specific Italian tax and business information required
- **Version control:** Currently FatturaPA v1.2.2 or later
- **XSD validation:** Must validate against official Italian schema

### Required Elements

- Partita IVA (VAT numbers) for both parties
- Codice Destinatario or PEC address
- Payment terms and methods
- Tax breakdown by rate
- Document type codes (Italian specific)
- Optional: Ritenuta (withholding tax), Bollo (stamp duty), Cassa previdenziale

## Public Sector (B2G) Considerations

### For invoicing Italian public entities:

- **PA (Pubblica Amministrazione):** Public administration entities
- **IPA code:** Unique identifier for each public entity (used as Codice Destinatario)
- **Mandatory since 2014:** E-invoicing to Italian public sector
- **Same process:** Uses SDI system like B2B invoices
- **Enhanced requirements:** May require additional fields or specifications
- **HubBroker support:** Handles public sector-specific requirements

## Cross-Border Invoicing

### Outbound (Italian to International)

- **SDI exemption:** Cross-border invoices do NOT go through SDI
- **Peppol advantage:** Use Peppol network for seamless international exchange
- **Format:** Peppol BIS Billing 3.0 (international standard)
- **Compliance:** EU e-invoicing directive EN 16931 compliant





## Inbound (International to Italian)

- **Option 1:** Foreign sender uses Peppol → HubBroker receives and optionally processes
- **Option 2:** Foreign sender submits directly to SDI (if registered)
- **VAT rules:** Reverse charge and intra-community rules apply
- **Documentation:** Additional customs/tax documentation may be required

## Technical Considerations

### SDI Technical Requirements

- **Accreditation:** Service providers must be accredited by Agenzia delle Entrate
- **Protocols:** FTP, web service, or PEC for SDI transmission
- **Message types:** Various SDI message types for notifications and receipts
- **Error handling:** Specific error codes from SDI requiring corrective action
- **Delivery receipts:** Multiple receipt types (acceptance, delivery, rejection)

### Integration Architecture

- **Single API:** HubBroker provides unified API for both SDI and Peppol
- **Automatic routing:** HubBroker determines whether invoice goes via SDI or Peppol
- **Format detection:** Automatic conversion based on destination
- **Status tracking:** Real-time visibility of both SDI and Peppol transactions

## Conservazione Sostitutiva (Digital Preservation)

### Italian law requires:

- **10-year retention:** E-invoices must be preserved for 10 years
- **Legal validity:** Preserved documents must maintain legal value
- **Technical requirements:** Specific standards for digital preservation
- **Timestamp and signature:** Documents must be timestamped and may require qualified signatures
- **HubBroker support:** Can facilitate or integrate with conservation services

## Common Challenges and Solutions

- **Challenge:** Format Complexity
- **Solution:** HubBroker handles all FatturaPA format requirements automatically
- **Challenge:** SDI Rejections
- **Solution:** HubBroker provides clear error messages and resubmission capabilities

- **Challenge:** International Trade
- **Solution:** Seamless switching between SDI (domestic) and Peppol (international)
- **Challenge:** Multiple Systems
- **Solution:** Single integration with HubBroker covers all scenarios
- **Challenge:** Compliance Updates
- **Solution:** HubBroker maintains compliance with SDI updates and changes

## Preparing for Italian E-Invoicing

### To successfully implement Italian e-invoicing:

- **Understand SDI mandate:** All domestic invoices must go through SDI
- **Obtain Codice Destinatario:** Register with HubBroker for SDI channel
- **System capability:** Ensure ERP can generate required invoice data
- **HubBroker integration:** Single integration for both SDI and Peppol
- **FatturaPA compliance:** Verify all mandatory fields are captured
- **Testing:** Thorough testing in SDI test environment
- **Staff training:** Ensure team understands Italian e-invoicing requirements
- **Conservation plan:** Establish digital preservation process
- **International strategy:** Leverage Peppol for cross-border transactions

The Peppol network, combined with Italy's mandatory SDI system, enables seamless domestic Italian e-invoicing while also providing the capability to exchange invoices with international partners across Europe and beyond. HubBroker's integrated approach ensures compliance with Italy's unique FatturaPA and SDI requirements while facilitating efficient international business document exchange through the Peppol network.