

Using the Peppol Network for Domestic E-Invoicing in the United Kingdom

Overview

The Peppol (Pan-European Public Procurement On-Line) network enables standardized electronic document exchange between businesses. For UK 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 UK typically uses:

- **Company Registration Number (CRN)** - format: 0195:GBxxxxxxx (8 digits or 2 letters + 6 digits)
- **VAT number** - format: 9963:GBxxxxxxxxxx (9 or 12 digits)
- **GLN (Global Location Number)**** - format: 0088:50xxxxxxxxxx
- **DUNS number** - format: 0060:xxxxxxxxxx (alternative identifier)

Outbound E-Invoicing Process (Sending)

1. Registration with HubBroker

- The sender registers as a Peppol participant through HubBroker
- Receives their Peppol ID configuration
- 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 Peppol BIS Billing 3.0 format (UBL or CII XML standard)

3. Transmission via HubBroker

- Sender submits the e-invoice to HubBroker (via API, file upload, or system integration)
- HubBroker validates the invoice format and content
- HubBroker looks up the receiver's access point in the Peppol SML/SMP directory
- HubBroker sends the invoice through the Peppol network to the receiver's access point

4. Delivery Confirmation

- HubBroker provides delivery status back to the sender
- Sender receives confirmation that the invoice reached the receiver's access point

Inbound E-Invoicing Process (Receiving)

1. Registration with HubBroker

- The receiver registers their Peppol ID with HubBroker
- HubBroker publishes the receiver's endpoint information in the Peppol SMP directory
- This makes the receiver discoverable to all Peppol senders

2. Invoice Reception

- When a sender transmits an invoice to the receiver's Peppol ID, the sender's access point queries the Peppol directory
- The directory returns HubBroker's endpoint information
- The invoice is routed through the Peppol network to HubBroker

3. Processing via HubBroker

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

4. 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.)

UK-Specific Requirements

For domestic UK e-invoicing via Peppol, ensure:

- **Company Registration Number:** UK companies must use their Companies House registration number as the Peppol identifier (format 0195:GBxxxxxxxx)
- **VAT requirements:** Invoices must include UK VAT information correctly formatted
- **VAT registration:** Valid VAT number (format GBxxxxxxxx or GBxxx xxxx xx)
- **Language:** Invoice content typically in English for domestic transactions
- **Currency:** GBP (British Pound Sterling) is the standard currency for UK domestic invoicing
- **Legal compliance:** Adherence to UK VAT regulations and Companies Act requirements
- **Making Tax Digital (MTD):** Compatibility with HMRC's Making Tax Digital requirements
- **Post-Brexit considerations:** Special handling for Northern Ireland Protocol

UK Public Sector E-Invoicing

The UK has established e-invoicing requirements for the public sector:

Central Government Mandate

- **Mandatory since 2014:** All suppliers to UK central government must be able to receive e-invoices
- **2020 expansion:** Enhanced requirements for e-invoicing capability
- **Peppol adoption:** UK government uses Peppol network infrastructure
- **Coverage:** Central government departments, NHS, and devolved administrations
- **Network Rail mandate:** E-invoicing required for Network Rail suppliers

Implementation

- **Peppol BIS Billing 3.0:** Standard format for public procurement
- **Company number:** Public entities and suppliers identified by company registration number
- **NHS e-invoicing:** Specific requirements for NHS suppliers
- **HubBroker routing:** Simplifies connection to UK public sector entities

Benefits of Using HubBroker as Service Provider

- **Single connection:** Connect once to reach all Peppol participants globally
- **Format handling:** HubBroker manages format conversions and validations
- **Compliance:** Ensures invoices meet Peppol and UK legal requirements
- **Directory management:** HubBroker handles SMP registration and updates
- **Public sector gateway:** Facilitates connectivity to UK government entities
- **Support:** Technical assistance for onboarding and troubleshooting in UK context
- **Monitoring:** Track invoice status and delivery confirmations
- **MTD compatibility:** Support for Making Tax Digital requirements
- **Brexit handling:** Manages post-Brexit UK-EU invoicing complexities
- **Northern Ireland:** Special handling for Northern Ireland Protocol requirements



Implementation Steps

1. Choose your Peppol ID (typically company registration number-based: 0195:GBxxxxxxx)
2. Sign agreement with HubBroker as your Peppol access point provider
3. Register for public sector (if supplying to UK government)
4. Configure integration between your systems and HubBroker
5. Test transactions in HubBroker's test environment
6. Go live and start exchanging e-invoices domestically and internationally

UK E-Invoicing Landscape

The UK has a developing e-invoicing ecosystem:

Current Status

- **Public sector mandate:** E-invoicing required for central government suppliers
- **Private sector adoption:** Growing but voluntary B2B adoption
- **Peppol growth:** Increasing Peppol adoption following public sector mandate
- **No B2B mandate:** No mandatory B2B e-invoicing requirement currently
- **Digital transformation:** Part of broader government digital agenda
- **Brexit impact:** Post-Brexit adjustments affecting cross-border invoicing
- **SME focus:** Government initiatives to encourage SME e-invoicing adoption

Historical Context

- **2014:** Central government e-invoicing mandate introduced
- **2016:** Brexit referendum impacts EU alignment discussions
- **2019:** Making Tax Digital (MTD) for VAT launched
- **2020:** Enhanced public sector e-invoicing requirements
- **2021:** Brexit transition completed, new trade arrangements
- **Present:** Growing private sector adoption, no B2B mandate planned

Making Tax Digital (MTD)

Overview

- **HMRC initiative:** Digital record-keeping and VAT submission
- **MTD for VAT:** Mandatory for VAT-registered businesses above threshold
- **Digital links:** Requirement for digital links in accounting processes
- **Software requirement:** Use of MTD-compatible software mandatory

E-Invoicing Integration

- **Complementary systems:** E-invoicing supports MTD compliance
- **Digital records:** E-invoices provide compliant digital records
- **Automated data:** Reduces manual data entry for VAT returns
- **Audit trail:** Complete digital audit trail for HMRC

HubBroker Support

- **MTD compatibility:** E-invoice data structured for MTD compliance
- **Integration:** Works with MTD-compatible accounting software
- **Record keeping:** Maintains compliant digital records

Public Sector (B2G) Specific Requirements

For invoicing UK public entities:

Central Government

- **Peppol mandatory:** All central government departments use Peppol
- **Company number:** Entities identified by company registration number
- **Format:** Peppol BIS Billing 3.0 compliant
- **Registration:** Suppliers must be registered in Peppol network
- **HubBroker facilitation:** Simplifies connectivity to government endpoints

NHS (National Health Service)

- **E-invoicing adoption:** Increasing e-invoicing usage across NHS
- **Peppol infrastructure:** NHS trusts adopting Peppol connectivity
- **Specific requirements:** Some NHS-specific invoice requirements
- **Supplier enablement:** Active programs to onboard NHS suppliers

Local Government

- **Growing adoption:** Councils increasingly adopting e-invoicing
- **Peppol infrastructure:** Many councils accessible via Peppol
- **Local variation:** Some variation in specific requirements
- **Standardization trend:** Movement toward unified Peppol approach

Devolved Administrations

- **Scotland:** Scottish Government e-invoicing requirements
- **Wales:** Welsh Government digital initiatives
- **Northern Ireland:** Specific considerations due to NI Protocol

Private Sector (B2B) Landscape

Current B2B Adoption

- **Voluntary:** No B2B mandate in place
- **Growing adoption:** Increasing recognition of e-invoicing benefits
- **Large enterprises:** High adoption among large corporations



- **SME challenge:** Lower adoption among small and medium enterprises
- **Sector variation:** Different adoption rates by industry

Sector-Specific Adoption

- **Retail:** High adoption in major retail chains
- **Manufacturing:** Growing e-invoicing usage
- **Construction:** Increasing adoption, especially for large projects
- **Professional services:** Variable adoption rates
- **Healthcare private sector:** Growing alongside NHS initiatives

VAT and Tax Compliance

UK VAT Requirements

- **VAT number format:** GBxxxxxxxx (9 digits) or GBxxx xxxx xx (12 digits for some businesses)
- **VAT rates:** 20% (standard), 5% (reduced), 0% (zero-rated)
- **Reverse charge:** Construction Industry Scheme (CIS) and other reverse charge scenarios
- **VAT invoicing rules:** Compliance with UK VAT regulations
- **Invoice requirements:** Specific information required on VAT invoices

Making Tax Digital (MTD) for VAT

- **Mandatory:** For VAT-registered businesses above £85,000 turnover
- **Quarterly returns:** Digital submission of VAT returns
- **Digital records:** Requirement to keep digital VAT records
- **Software integration:** E-invoicing integrates with MTD-compatible systems

Record Keeping

- **Retention period:** 6 years for VAT records (longer for some purposes)
- **Digital archiving:** E-invoices must maintain legal validity
- **Audit trail:** Complete audit trail required
- **HMRC access:** Tax authorities may request records during audits

Post-Brexit Considerations

UK-EU Trade

- **Customs declarations:** Additional documentation for UK-EU trade
- **VAT treatment:** Different rules for goods and services
- **Northern Ireland Protocol:** Special rules for Northern Ireland
- **Import VAT:** Postponed VAT accounting for imports

Northern Ireland Specific

- **Dual status:** NI businesses may need both UK and EU compliance
- **Protocol requirements:** Goods moving between NI and GB/EU
- **Peppol advantage:** Single infrastructure for complex scenarios
- **VAT registration:** Some NI businesses may need EU VAT numbers

Cross-Border Invoicing

- **Peppol benefit:** Standardized approach despite Brexit changes
- **Format compatibility:** EN 16931 compliance maintained
- **Documentation:** Additional customs and trade documents may be required

Technical Considerations

Integration Approaches

- **API integration:** Direct integration with accounting/ERP systems
- **Web portal:** User-friendly interface for manual processing
- **File-based:** Batch processing via file transfer
- **Email bridge:** Email-to-e-invoice conversion for ease of use

UK Accounting Systems

- **Popular platforms:** Xero, Sage, QuickBooks, FreeAgent, Kashflow
- **Cloud dominance:** High usage of cloud-based accounting software
- **MTD compatibility:** Most platforms are MTD-compatible
- **HubBroker connectivity:** Integrations with major UK platforms

Payment Systems

- **BACS:** Bulk payment clearing system
- **Faster Payments:** Real-time payment service
- **CHAPS:** Same-day high-value payments
- **Direct Debit:** Automated recurring payments

Construction Industry Scheme (CIS)

Overview

- **Tax withholding:** Contractors deduct tax from subcontractor payments
- **CIS registration:** Subcontractors must register with HMRC
- **Verification:** Contractors must verify subcontractor status
- **Monthly returns:** CIS returns submitted to HMRC monthly

E-Invoicing Integration

- **CIS information:** E-invoices can include CIS deduction details
- **Gross/net status:** Clearly indicate payment terms
- **Verification data:** Support for CIS verification information
- **Reporting:** Facilitate accurate CIS reporting

HubBroker Support

- **CIS fields:** Support for CIS-specific invoice fields
- **Compliance:** Helps maintain CIS compliance
- **Integration:** Works with CIS-compatible accounting systems

Payment Terms and Culture

UK Payment Practices

- **Standard terms:** Typically 30 days, but varies by sector
- **Late payment:** Late Payment of Commercial Debts legislation
- **Prompt Payment Code:** Voluntary initiative for fair payment practices
- **Large business reporting:** Requirement to report payment practices

Payment References

- **Invoice numbers:** Clear invoice numbering systems
- **Purchase order matching:** PO-based invoice matching common
- **Bank details:** UK bank account details (Sort Code and Account Number or IBAN)
- **Payment remittance:** Automated remittance advice processing

Cross-Border Considerations

UK-EU Trade

- **Customs procedures:** Required for goods movement
- **VAT treatment:** Reverse charge for most services, import VAT for goods
- **Peppol continuity:** Peppol network continues to facilitate UK-EU e-invoicing
- **Documentation:** Additional trade documents required

UK-Rest of World

- **Export invoicing:** Standard commercial invoice requirements
- **Currency handling:** Multi-currency invoicing for international trade
- **Peppol global:** Growing global Peppol network
- **Customs integration:** E-invoices can feed customs declaration systems

Future Developments

UK Government Initiatives

- **Digital transformation:** Continued push for digital government services
- **SME support:** Programs to encourage SME digitalization
- **Procurement reform:** Ongoing public procurement modernization
- **No B2B mandate:** No plans for mandatory B2B e-invoicing currently announced

Potential Developments

- **Wider public sector:** Expansion beyond central government
- **Private sector growth:** Organic growth in B2B adoption
- **Technology evolution:** AI and automation in invoice processing
- **International alignment:** Continued participation in global standards

Preparing for UK E-Invoicing

To successfully implement UK e-invoicing:

1. **Company registration:** Ensure accurate Companies House registration number
2. **VAT registration:** Verify correct VAT number format
3. **Public sector registration:** Register for Peppol if supplying government
4. **MTD compliance:** Ensure MTD-compatible systems in place
5. **System assessment:** Review current invoicing processes and systems
6. **HubBroker integration:** Single point of connection for all e-invoicing needs
7. **Format compatibility:** Ensure support for Peppol BIS Billing 3.0
8. **Payment integration:** Connect with UK banking/payment systems
9. **CIS handling:** Implement CIS requirements if applicable
10. **Brexit documentation:** Ensure proper handling of post-Brexit requirements
11. **Staff training:** Ensure team understands UK e-invoicing practices
12. **Trading partner communication:** Inform customers/suppliers of e-invoicing capability
13. **Testing:** Thorough testing before go-live, especially for public sector
14. **Phased rollout:** Consider gradual implementation by trading partner segment

Sector-Specific Guidance

Construction Industry

- **CIS compliance:** Critical for subcontractor payments
- **Application for payment:** Integration with payment application processes
- **Retention:** Handling of retention payments and releases
- **Project tracking:** Complex project and cost code requirements

Retail and Distribution

- **High volume:** Efficient processing of numerous invoices
- **EDI legacy:** May require integration with existing EDI systems
- **Supply chain:** Deep integration with supply chain management
- **Promotions:** Complex pricing and promotional schemes

Professional Services

- **Time-based billing:** Integration with time tracking systems
- **Project invoicing:** Complex project and milestone billing
- **Disbursements:** Handling of expenses and disbursements
- **Retainers:** Management of retainer arrangements

Healthcare Suppliers

- **NHS connectivity:** Peppol connection to NHS trusts
- **Compliance:** Healthcare-specific compliance requirements
- **Product codes:** Correct use of NHS supply chain codes
- **Payment terms:** Understanding NHS payment processes

Public Sector Suppliers

- **Peppol mandatory:** Must have Peppol connectivity for central government
- **Compliance:** Strict adherence to public procurement rules
- **Framework agreements:** Often part of larger framework contracts
- **Social value:** Increasing focus on social value in procurement

Best Practices for UK Market

Implementation Success Factors

- **Start with public sector:** If supplying government, prioritize compliance
- **Major customers first:** Focus on largest trading partners
- **Leverage cloud software:** Use popular UK cloud accounting platforms
- **MTD alignment:** Ensure e-invoicing supports MTD compliance
- **Payment automation:** Integrate with UK banking systems
- **Clear communication:** Inform trading partners of e-invoicing capability
- **Gradual rollout:** Phase implementation to manage change

Common Pitfalls to Avoid

- **VAT errors:** Incorrect VAT rates or missing VAT information
- **Poor testing:** Insufficient testing with actual trading partners
- **CIS oversights:** Failing to handle CIS requirements properly
- **Brexit documentation:** Missing required post-Brexit documentation
- **Manual fallbacks:** Not having contingency for system issues
- **Payment references:** Inadequate payment reference handling

UK Business Culture and E-Invoicing

Characteristics

- **Pragmatic approach:** Focus on practical benefits and ROI
- **Cost consciousness:** Strong focus on cost reduction
- **Compliance driven:** Adoption often driven by regulatory requirements
- **Technology adoption:** Generally positive toward digital solutions
- **SME challenges:** Smaller businesses may need more support

E-Invoicing Drivers

- **Cost savings:** Reduction in invoice processing costs
- **Efficiency:** Faster processing and reduced errors
- **Compliance:** Public sector mandates and MTD requirements
- **Cash flow:** Improved cash flow management
- **Sustainability:** Environmental benefits supporting ESG goals

The Peppol network enables seamless domestic UK e-invoicing while also providing the capability to exchange invoices with international partners across Europe and beyond using the same infrastructure and processes. With the UK's public sector mandate, Making Tax Digital requirements, and post-Brexit trade adjustments, adopting Peppol through HubBroker ensures compliance, positions businesses for continued growth in e-invoicing adoption, and simplifies both domestic and international invoicing. While the UK currently has no plans for mandatory B2B e-invoicing, early adoption provides competitive advantages and positions businesses for potential future developments.