NES

Profile 8
Basic Billing with Dispute Response

Version 2.0

NES PROFILE

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1   profile ID

urn:www.nesubl.eu:profiles:profile8:ver2.0

2   context

This profile applies to:
- all NES countries
- Customer and Supplier organisations of all sizes
- Customer and Supplier organisations in all sectors, public and private
- all types of goods and services

3   summary

Subject:
- Invoicing and Crediting
- Invoice acceptance and electronic error notification
- Rectification of Invoice errors by supplementary Invoice and/or Credit Note
- in the profile title, 'Basic' indicates that the document content is a profile specific NES subset (see NES Profile Overview, section 2)

Exclusions:
- Invoice acceptance is external (manual)

Requirements:
- the Invoice and Credit Note must comply with the commercial and fiscal requirements of the country where the Supplier is registered
- Credit Notes must refer to Invoices

Aims:
- systemised Invoice and Credit Note processing
- reduced manual intervention and errors

4   description

This profile describes a process comprising an electronic Invoice and, potentially, an electronic Application Response and an electronic Credit note. It is intended for situations where invoicing is electronic but where matching of the Invoice to other electronic documents may not be practicable. The Invoice and Credit Note are self-contained documents with respect to commercial and

fiscal requirements.

In this profile, Application Response is a business level response used only to notify a disputed Invoice or Credit Note.

It is not a primary objective of this profile to facilitate automatic Order matching and/or cost allocation; the profile assumes limited or no procurement data content and limited or no aligned and synchronized identifiers in the system to match the transaction.

Large parts of the Invoice may be expressed as text rather than identifiers and codes e.g. the Invoice may contain Items (goods or services) with Item identifiers and Items with free text description.

This profile can be used with no or little integration to ERP systems. It may be introduced with minimal advance exchange agreement if coding schemes are not used.

This profile may cover Invoice factoring arrangements.

Documents included in this profile:
- Invoice (basic)
- Application Response
- Credit Note (basic)

5   profile scenarios

1. accepted Invoice

2. Invoice overcharge

3. Invoice undercharge

4. Invoice contains wrong information

6   business requirements

1. the Supplier sends an electronic Invoice and, potentially, electronic Credit Note that can be received and processed by the Customer

2. in the event of a disputed Invoice or Credit Note, the Customer sends an electronic Application Response that can be received and processed by the Supplier

3. the Invoice and Credit Note must comply with the commercial and fiscal requirements of the country where the Supplier is registered

4. the Invoice and Credit Note content enables the Customer's system to route the document to a specific person,
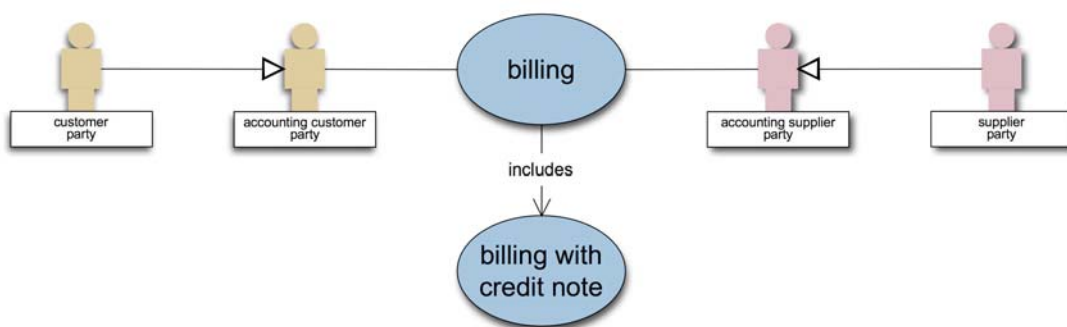
department or unit within the organisation; this may be required for authorisation etc.

5. the Invoice and Credit Note content facilitates automatic validation of legal and tax values, tax accounting and payment

6. Credit Notes refer to associated Invoices

7   business benefits

aspect	beneficiary	benefit
automated Invoice transfer	Supplier	• faster Invoice transfers • acknowledgement of Invoice receipt (at technical level) • potential for shortened payment cycle and improved cash flow
automated Invoice processing	Customer	• reduced requirement for manual intervention leads to fewer human keying errors • automatic Invoice validation • potential for systematic Invoice processing • resource redeployment

8   use case diagram

9 actors involved in the process

party	role	comments
Supplier	Accounting	The Party that claims the payment and is responsible for resolving billing issues and arranging settlement. The Party that sends the Invoice and the Credit Note and receives the Application Response. Also known as Invoice Issuer, Accounts Receivable, Creditor.
Customer	Accounting	The Party responsible for making settlement relating to a purchase. The Party that receives the Invoice and the Credit Note and sends the Application Response. Also known as Invoicee, Accounts Payable, Debtor.

10 process parameters

business rules

document level	
	1. an Invoice represents a claim for payment for specific goods and services or for the provision of goods and services over a defined period of time
	2. a Credit Note must refer to an original Invoice
	3. reference to a contract or framework agreement may only be made at document level
	4. Payment Means and Terms stated at document level must apply to all Invoice or Credit Note Lines
	5. accounting details stated at document level must apply to all Invoice or Credit Note Lines
	6. tax information stated at document level must apply to all Invoice or Credit Note Lines
	7. periodic Invoices including returns may result in a negative total
	8. stated pre-payments must apply to the Invoice as a whole
	9. Invoice acceptance applies to the entire Invoice

line level   1. an Invoice Line may contain an identified Item or an Item with a free text description

   2. line level tax coding is mandatory in some countries

exceptions

    1. none

pre-conditions

    1. the Customer and the Supplier have identified each other and a contract between the two or an Order exists

    2. the Customer has agreed to accept electronic Invoices and Credit Notes that use the profile

    3. the Supplier has agreed to accept Application Responses that use the profile

11 activity diagram
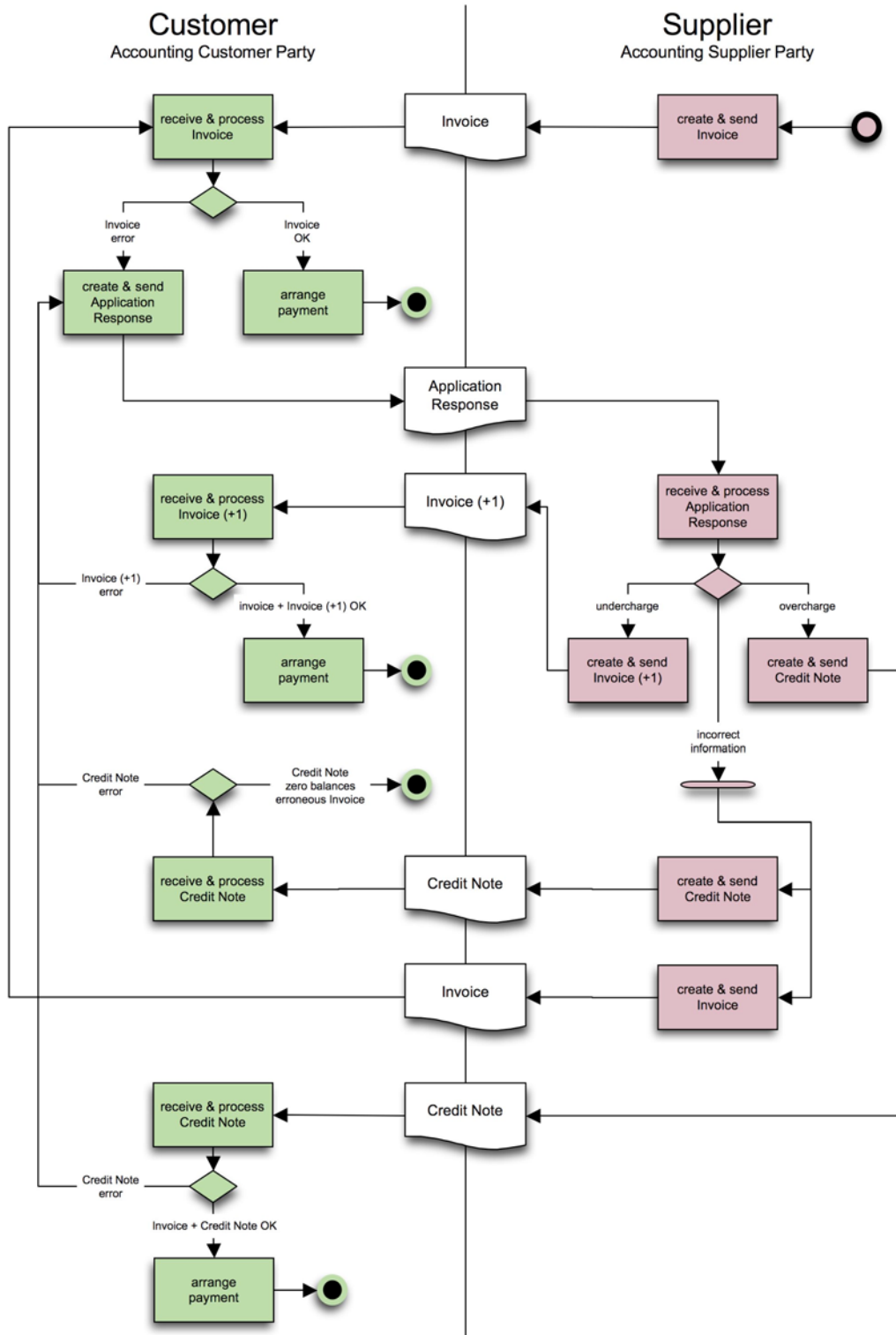
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12 activity description

role/party	activity	description
Accounting Supplier	create and send Invoice	Accounting Supplier creates and sends an Invoice to Accounting Customer.
Accounting Customer	receive and process Invoice	Accounting Customer receives and processes the Invoice.
Accounting Customer	accept or reject Invoice	Accounting Customer accepts or rejects Invoice in full. Acceptance of the Invoice (external) initiates a payment process. Rejection leads to Accounting Customer's notifying Accounting Supplier via a business level Application Response.
Accounting Customer	*accept Invoice – arrange payment*	*In accepting the Invoice, Accounting Customer Party initiates a payment process (external).*
Accounting Customer	*reject Invoice – notify Accounting Supplier*	*In rejecting the Invoice, Accounting Customer Party notifies Accounting Supplier Party via an Application Response.*
Accounting Supplier	receive and process Application Response	In the case of a rejection, Accounting Supplier receives and processes the Application Response from Accounting Customer. Note: this profile does not preclude the Accounting Supplier from noticing an error and taking corrective action independently.
Accounting Supplier	*create and send Invoice (+1)*	*If the notification has (correctly) identified an undercharge, Accounting Supplier creates and sends a second Invoice to Accounting Customer.*
Accounting Supplier	*create and send Credit Note*	*If the notification has (correctly) identified an overcharge, Accounting Supplier creates and sends a Credit Note to Accounting Customer.*
Accounting Supplier	*create and send Credit*	*If the notification has (correctly) identified an Invoice containing wrong information (other than*

12 activity description

| role/party	activity	description
	Note and 'replacement' Invoice	*monetary amounts), Accounting Supplier creates and sends a Credit Note (zero balancing the Invoice) and a replacement Invoice to Accounting Customer.*
Accounting Customer	*receive and process Invoice (+1)*	*Accounting Customer receives and processes Invoice (+1).* *If Invoice + Invoice (+1) equals the correct amount, payment is initiated.*
Accounting Customer	*receive and process Credit Note*	*Accounting Customer receives and processes the Credit Note.* *If Invoice + Credit Note equals the correct amount, payment is initiated.*
Accounting Customer	*receive and process Credit Note and 'replacement' Invoice*	*Accounting Customer receives and processes the Credit Note and the 'replacement' Invoice (new process).* *If the Credit Note zero balances the Invoice, the Credit Note processing ends; if not, the Customer notifies the Supplier via an Application Response.*

13 scenario 1

name   accepted Invoice

description   In this scenario the Customer accepts the Invoice.

13.1 scenario 1 activity diagram
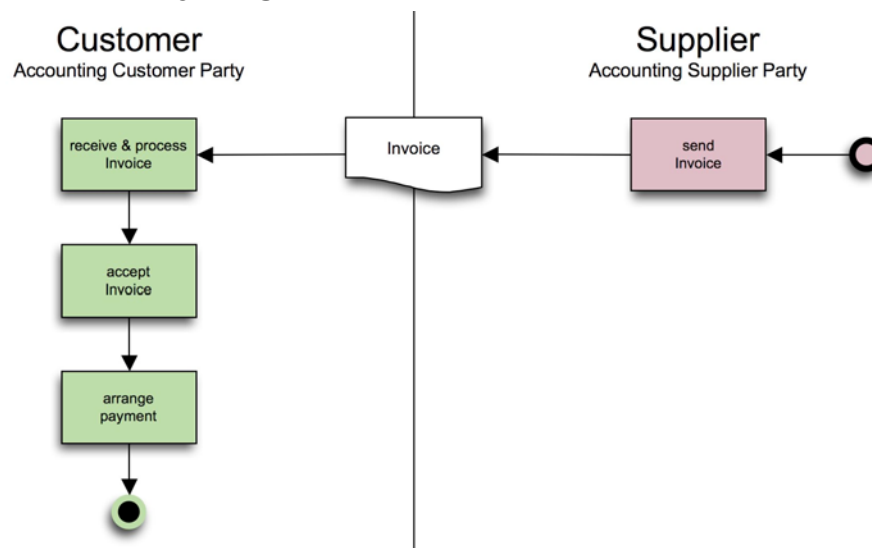
13.2 scenario 1 runtime business rules

1. the Customer accepts the Invoice in full

13.3 scenario 1 post-conditions

1. based on the accepted Invoice, the Customer arranges payment of the agreed amount, by an agreed means and in accordance with the agreed terms
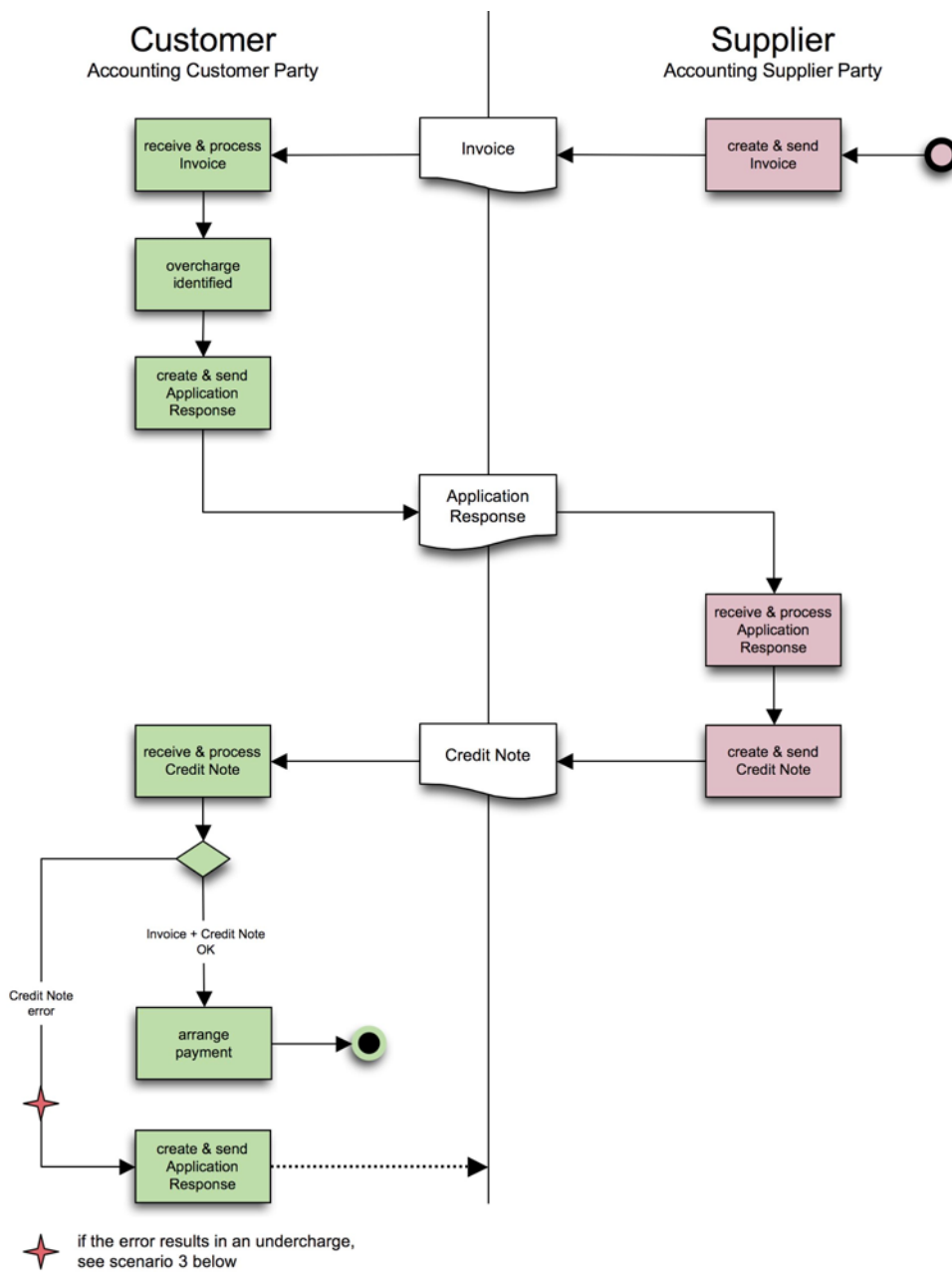
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14 scenario 2

name   Invoice overcharge

description   In this scenario the Invoice value is too high and is resolved by the
Supplier's sending a Credit Note.

14.1 scenario 2 activity diagram

14.2 scenario 2 runtime business rules

1. the Customer processes the Invoice and identifies an overcharge

2. the Customer notifies the Supplier via an Application Response

3. the Supplier (in agreement) sends a Credit Note to the Customer

4. the Customer processes the Credit Note. If correct i.e. Invoice + Credit Note equals the correct amount, payment is initiated

5. if incorrect, the Customer notifies the Supplier via an Application Response. The Supplier may issue another document (Invoice or Credit Note) depending on agreement and on the nature of the error

14.3 scenario 2 post-conditions

1. the amounts due from the Customer to the Supplier are resolved and payment is arranged, or

2. the amounts due from the Customer to the Supplier are not resolved and the Customer sends a further Application Response to the Supplier
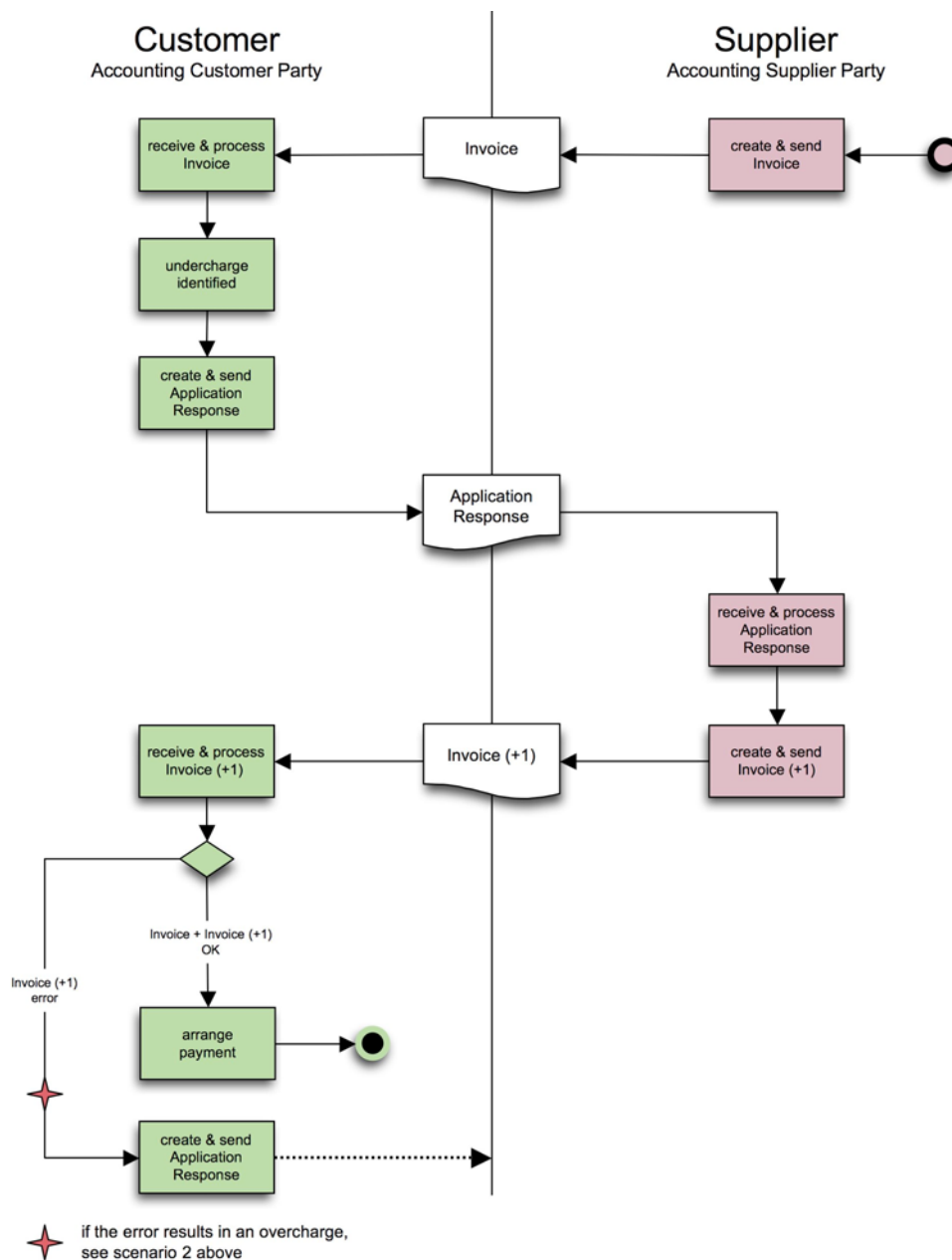
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15 scenario 3

name   Invoice undercharge

description   In this scenario the Invoice value is too low and is resolved by the Supplier's sending a supplementary Invoice.

15.1 scenario 3 activity diagram

15.2 scenario 3 runtime business rules

1. the Customer processes the Invoice and identifies an undercharge

2. the Customer notifies the Supplier via an Application Response

3. the Supplier (in agreement) sends a supplementary Invoice to the Customer

4. the Customer processes the Credit Note. If correct i.e. Invoice + Invoice (+1) equals the correct amount, payment is initiated

5. if incorrect, the Customer notifies the Supplier via an Application Response. The Supplier may issue another document (Invoice or Credit Note) depending on agreement and on the nature of the error

15.3 scenario 3 post-conditions

1. the amounts due from the Customer to the Supplier are resolved and payment is arranged, or

2. the amounts due from the Customer to the Supplier are not resolved and the Customer sends the Supplier a further Application Response
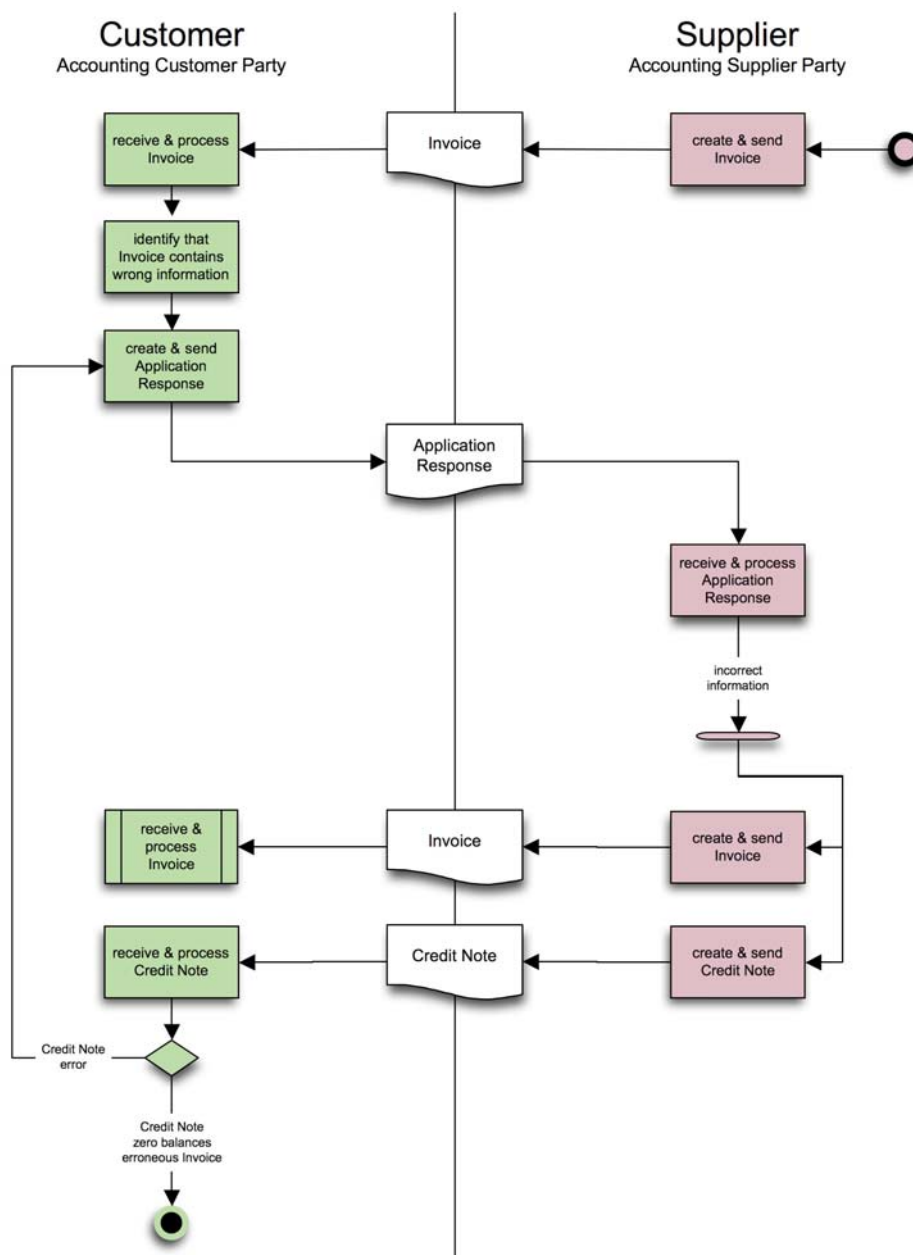
16 scenario 4

name   Invoice contains wrong information

description   In this scenario the Invoice contains wrong information that prevents it's being processed through to payment e.g. the Invoice describes wrong Items or references.

16.1 scenario 3 activity diagram

16.2 scenario 3 runtime business rules

1. the Customer processes the Invoice and identifies an error (other than an error in amounts)

2. the Customer notifies the Supplier via an Application Response

3. the Supplier (in agreement) sends a Credit Note zero balancing the erroneous Invoice and a 'replacement' Invoice to the Customer

4. the Customer processes the Credit Note. If the Credit Note zero balances the Invoice, the Credit Note processing ends; if not, the Customer notifies the Supplier via an Application Response

5. the Customer processes the 'replacement' Invoice (new process)

16.3 scenario 3 post-conditions

1. the Credit Note zero balances the original Invoice and the 'replacement' Invoice is processed

2. the Credit Note does not zero balance the original Invoice, the Supplier is notified via an Application Response and the 'replacement' Invoice is processed