

JASTPRO RESEARCH 2014

Research on the Use of Electronic Invoices in the Asian Region and Proposal for Standardized Fixed Layout Format of the Invoice

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Japan Association for Simplification of International Trade Procedures

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Research on the Use of Electronic Invoice in the Asian Region and Proposal for Standardized Fixed Layout Format of the Invoice for SME Paperless Trade

Foreword

JASTPRO (Japan Association for Simplification of International Trade Procedures), for the purpose of facilitating international paperless trade, and following the recommendations of a sea waybill in lieu of the surrendered B/L in March 2014, has conducted this research on the current use of an electronic invoice and proposed the creation of a Standardized Fixed Layout electronic format of the invoice ready-to-use for real business.

The adoption of the electronic invoice (hereafter e-Invoice) is becoming commonplace for intra-group trading such as in the case of the global supply chain where limited goods are exchanged repeatedly under privately agreed conditions through amicable relations between an exporter and importer. However, in the case of ordinary commercial transactions, as indicated by the result of our hearing survey in some Asian states, e-Invoice is scarcely used. The main reason is presumed to be the complexity of the advance preparation. As possession of a simple tool to facilitate such action is indispensable, the above-mentioned Standardized Fixed Layout format of the ready-to-use e-Invoice is an exact fit for such needs.

The original usage of Invoices is to facilitate an exporter to claim payment to an importer for shipped-out goods, and consequently, they should reflect the reality of the business. For this same reason, the customs normally reserve rights to require the presentation of invoices as evidence of the transactions.

The e-Invoice, even if it were to be adopted privately, may allow users to enjoy various advantages that are realized by e-documents in general. However, such private e-Invoices have limitations in that they can only be exchanged validly among the parties concerned such as supply chain group companies, due to their individuality. For example, customs that are beyond the scope of the user's own individual closed environment, cannot even receive their e-Invoice. This is because the customs systems are not normally furnished with any type of private document formats that differ user by user, while it is indispensable that both the sender and recipient must have the same document format in order to exchange documents with EDI. This means that in such a situation, the realization of real seamless cross-border paperless trade, involving customs procedures of both export and import sides, is impossible.

If a “standard” that eradicates all individuality were to exist, such format could be used commonly, at least without the limitation of closed environments. Even if such a “standard” is not able to cover all and every cross-border transaction, this type of tool should exist to encourage paperless trade.

JASTPRO's proposal of a Standardized Fixed Layout of invoice that differs from that of the conventional measure has been formulated to explore measures to revoke this rigid situation and to promote e-Invoice and paperless trade as well.

The Research and the Proposal were conducted by
Kokichi Watanabe Senior Advisor of JASTPRO
Contact: kokichiwatanabe@tedi-npo.com

This Research Report is also available on the JASTPRO website:

<http://www.jastpro.org/topics/pdf/e-invoicing20150327eng.pdf>

I Overseas Hearing Survey

1. General

➤ Survey implementation schedule and objective entities

2014

September 18~21 Singapore

- CrimsonLogic Pte Ltd.

September 21~27 Thailand

- Thai Revenue Department
- ETDA (Electronic Transactions Development Agency)
- CAT Telecom Public Co., Ltd.
- UN ESCAP (UN Economic and Social Commission for Asia and Pacific)
- Yusen Logistics (Thailand) Co., Ltd.

October 2~3 Taiwan

- Trade Van Information Services Co.
- Nippon Express Taiwan

Inadvertent additional interviews with participants of APTFF (Asia Pacific Trade Facilitation Forum) were held in Bangkok on Sept. 24~26, 2014

- Philippines
- Korea
- Indonesia
- Malaysia (Separate mail information)

➤ Disclaimer

The nature of the hearing survey entails the possible inclusion of eventual errors or misunderstandings. Any use or reference to this research is therefore done so thoroughly at the users' own risk and responsibility.

➤ Questionnaires used for the survey

The following table was used to obtain basic information in the survey:

Basic Questionnaire on e-Invoice

<Support document>

- 1 Is an Invoice required at the stage of Declaration as support document?

	Paper	Signature	Electronic	Signature
Import				
Export				

- 2 Is an Invoice in PDF admitted as Invoice for customs procedure?

<official system to handle e-Invoice>

- 3 ✓ Does the Customs system handle e-Invoice for users, directly?
 ✓ Is it an obligation to submit Invoice to the customs electronically?
 ✓ What other systems (such as National Single Window) handle e-Invoice?
 (for whatever purpose: to send to customs broker for deploying to Declaration or for when required as evidence by the customs.)

- 4 Is it possible for shippers to submit e-Invoice to above system?

Import	
Export	

- 5 Does above system provides standard Invoice Template for cross-border transactions that shippers can use for submitting Invoice to above system?

- 6 Is it possible for Customs broker in charge to access to above system and pick up the Invoice, for deploying it to Declaration on behalf of shippers?

Import	
Export	

<In case required inspection on document or on goods for customs clearance>

- 7 Is an Invoice required when the Declaration is judged to Red Line?

	Paper	Signature	Electronic	Signature
Import				
Export				

- 8 Is the Consumption tax or Value Added tax charged on Invoice for Import?

- 9 Is above system ready to have cross-border interchange of e-Invoice?

- 10 Experience of cross-border interchanging e-Invoice (as trial? which economy?)

- 11 In case e-Invoice is received, is such e-Invoice admitted legally as Invoice?
 (Commercial obligations of addressee and rights of issuer are guaranteed legally?)

- 12 Referring to 12, are there any restrictions on e-Invoice to be deemed legal?
 (Such as, it shall be made based on some specific format etc...)

- 13 Is e-Invoice handling service the service of the customs system or of service provider that is linked to the customs system through NSW ?

- 14 Market situation on Supply Chain: Is e-Invoice used for the transactions among cross-border group companies or domestic group companies only?
- 15 For domestic commercial transaction, is e-Invoice used commonly?
- 16 ✓ How e-Invoice is admitted legally?
 ✓ Is there any criteria in order e-Invoice is admitted to be an official document?
 In case of Cross-border transaction
 In case of Domestic business
- 17 How long is the legal retention period of the Invoice?
- | | Paper | Electronic |
|--------|-------|------------|
| Import | | |
| Export | | |
- <Customs system>
- 18 How is the situation of the linkage of customs system with the systems of other government agencies under National Single Window?
- 19 Does the customs system provide to users updated status on customs clearance?
 (Cargo tracking within customs procedures)
- 20 Do you have some concrete plan to use ASEAN Single Window for your activity?
 (Such as to provide cross-border e-document transfer service B-B.)
- 21 <Particular question> Special features that your economy or region is promoting currently on digitalization and paperless trade.

2. Result of Hearing Survey

2-1 SINGAPORE

(1) Trade related electronic systems

In Singapore all trade-related official systems are operated by CrimsonLogic Pte Ltd. The stockholders of this company are 55% IE (International Enterprise Singapore – a government control agency) with the remaining 45% owned by iDA (Infocomm Development Authority of Singapore), PSA Singapore Terminals and CAAS (Civil Aviation Authority of Singapore) each hold 15% (this company is practically a public company). The supervisory bureaus are as follows: Singapore Customs and Excise Department, iDA and the Economic Development Board.

The official systems used are: Trade Net and Trade Exchange.

Trade Net

The National Single Window of Singapore. Established in 1989.

This system is operated by CrimsonLogic, and owned by the above three supervisory bureaus. Hence the high rating in neutrality and fairness afforded to Trade Net by users.

Twelve government agencies and 36 controlling units are linked to this system.

The very nature of National Single Window is such that the system works principally between B and G, facilitating B to apply to G for permission or certification, such as the import or export declaration.

Trade Exchange

Established in 2007 as an associated system of Trade Net.

This system is also owned by the above three supervisory bureaus, the same as Trade Net; namely, it is also deemed to be a neutral system. The difference is its functions. Besides linking to Trade Net, Trade Exchange works to transfer trade-related data among B entities, such as exporters, importers, clearance agents and forwarders, for domestic transactions, and also across borders between exporters and overseas importers.

(2) Export & import declarations and other electronic documents

Export and import declarations are applied to Trade Net via the fee-based services of several Value Added Service Providers (VASP) such as KEWILL and CrimsonLogic eTrade Services Pte Ltd. (subsidiary of CrimsonLogic), while Trade Net also provides directly, a web application option free of charge for those smaller users (SME).

The number of entry columns of the Declaration format in Singapore is small compared to those of other states.

Exporters and importers can transfer to forwarders etc., in XML format, shipping documents such as invoices through the aforementioned Trade Exchange system that is linked to the Trade Net front-end system. Forwarders in charge of the case access the Trade Net front-end system through VASP and collect such electronic shipping documents that are input by exporters and importers, in order to deploy them to further customs procedures, avoiding errors in data transcription.

Export and import permissions are sent from the customs to Trade Exchange via VASP. Exporters and importers can collect permissions from Trade Exchange without the intermediation of Declaration applicants.

(3) Handling of e-Invoice

Presentation of an invoice to customs is not required at the time of export and import declarations. However, if it is judged by customs that the respective import or export permission is subject to inspection with corresponding shipping documents or to a physical inspection of goods, the presentation of the invoice to customs is indispensable and in such case, the invoice shall be submitted in writing although a manual signature is not required.

Standardized formats of invoice for bulk use are not provided by CrimsonLogic. Each time a user requests them to create their own invoice layout in accordance with their individual requirements, CrimsonLogic produces it as a custom-made layout, applying the global standard data model (dictionary of data elements and attributes) such as UN/CEFACT, WCO or PAA* invoice subset, etc.

In the case of users that have affiliations with the global supply chain, they utilize a properly-formatted e-Invoice for their cross border transactions in their own closed commercial environment such as private EDI. CrimsonLogic is ready to provide routinely a service that transfers electronic shipping documents such as e-Invoices across borders between trade partners such as exporters and importers. However, they have little experience in meeting requests for services such as global data transfer service in ordinary cross-border transactions.

Note*

PAA (Pan Asian e-Commerce Alliance):

PAA was founded in July 2000 by Singapore (CrimsonLogic), Taiwan (TRADE-VAN) and Hong Kong (Tradelink) and later on by Korea (KT-Net), China (CIECC), Japan (NACCS), Malaysia (Dagang Net), Macao (TEDMEV), Thailand (CAT Telecom), Philippines (Intercommerce) and Indonesia (EDI Indonesia), thus resulting in the total of 11 members seen today. Most of them are service providers

with links to the customs procedures for cross-border trade in each state.

The alliance aims to promote and provide secure, trusted, reliable and value-added IT infrastructure and facilities to enhance seamless trade globally.

(4) Answers in accordance with questionnaires

SINGAPORE

<Support document>

- 1 Is an Invoice required at the stage of Declaration as support document?
Basically not required
- 2 Is an Invoice in PDF admitted as Invoice for customs procedure?
Basically Yes

<official system to handle e-Invoice>

- 3 Does the Customs system handle e-Invoice for users, directly?
Trade Net (NSW), operated by CrimsonLogic, works as customs system and e-Invoice is available in this system.
 Is it an obligation to submit Invoice to the customs electronically?
No
 What other systems (such as National Single Window) handle e-Invoice?
Trade Exchange system, also operated by CrimsonLogic, handles e-Invoice mainly for data transfer B to B.
- 4 Is it possible for shippers to submit e-Invoice to above system?
Yes, including Scanned Copy
- 5 Does above system provides standard Invoice Template for cross-border transactions that shippers can use for submitting Invoice to above system?
Although CrimsonLogic provides Invoice Template for users, it is not a standard template but a kind of order-made template set up particularly for each user.
- 6 Is it possible for Customs broker in charge to access to above system

and pick up the Invoice, for deploying it to Declaration on behalf of shippers?

For both Export and Import cases, Customs brokers (declaration Agent) log-in to Trade Net (Trade Net Front-end system) through Service Providers like e-Trade, KEWILL and pick up e-Invoice that exporters and importers input through Trade Exchange system. Customs brokers deploy such e-Invoice data for submitting Declarations, avoiding errors in data transfer.

<In case required inspection on document or on goods for customs clearance>

- 7 Is an Invoice required when the Declaration is judged to Red Line?
Yes, it is. When such is the case, e-Invoice is not usable and the customs require Invoice in writing, although manual signature is not required.
- 8 Is the Consumption tax or Value Added tax charged on Invoice for Import?
Yes. GST (Goods Service Tax) is charged in accordance with Invoice for Import.
- 9 Is above system ready to have cross-border interchange of e-Invoice?
Technically yes
- 10 Experience of cross-border interchanging e-Invoice (as trial? which economy?)
There's no concrete solicitude from users.
- 11 In case e-Invoice is received, is such e-Invoice admitted legally as Invoice?
(Commercial obligations of addressee and rights of issuer are guaranteed legally?)
e-Docuent is valid in Singapore in general but as there's no concrete case as questioned, legal inquiry will be necessary beforehand.
- 12 Referring to 11, are there any restrictions on e-Invoice to be deemed legal?
(Such as, it shall be made based on some specific format etc...)
Further study at the time of concrete requirement
- 13 Is e-Invoice handling service the service of the customs system or of service provider that is linked to the customs system through NSW ?
It is a service of CrimsonLogic.

- 14 Market situation on Supply Chain: Is e-Invoice used for the transactions among cross-border group companies or domestic group companies only?
There are many independent cases of Supply Chain where e-Invoice is applied internationally.
- 15 For domestic commercial transaction, is e-Invoice used commonly?
e-Invoice begins to be used commonly, especially for the procurement by the government.
- 16 How e-Invoice is admitted legally?
It is legalized by ETA (Singapore Electronic Transactions Act).
- 17 How long is the legal retention period of the Invoice?
It was used to be 7 years for all (paper or digital) before it was shortened to 5 years by the modification of Customs Act in 2007.

<Customs system>

- 18 How is the situation of the linkage of customs system with the systems of other government agencies under National Single Window?
12 Government Agencies and 36 Controlling Units are linked to Trade Net (NSW). Some of them are integrated totally to the Trade Net system, while others have proper log-in portal through which users access to Trade Net.
- 19 Does the customs system provide to users updated status on customs clearance?
(Cargo tracking within customs procedures)
Customs system doesn't have function to provide to users updated status on customs clearance.
- 20 Do you have some concrete plan to use ASEAN Single Window for your activity?
(Such as to provide cross-border e-document transfer service B-B.)
Not yet programmed concrete project taking ASW into account.
- 21 <Particular question> Special features that your economy or region is promoting currently on digitalization and paperless trade.
A project to exchange data of Certificate of Origin with Philippines is now going on.

(1) National Single Window

CPT Single Window (Customs-Port-Trade Single Window) in Taiwan commenced operation in September 2013. This National Single Window was constructed by integrating three government systems: “Customs Clearance System” of the Ministry of Finance, “Maritime Transport Network Portal” of the Ministry of Transportation and Communication, and “Trade Facilitation eNet” of the Ministry of Economic Affairs.

The development of the National Single Window was awarded to Trade Van (see next item) after public tender. The control agency is the National Taxation Bureau and the operator is Trade Van.

Once an applicant inputs data to the CPT Single Window (NSW), the system identifies the type of application and transfers the data to the corresponding procedures such as the customs declaration procedure, certificate of origin application, sanitary certificate etc. All systems of the relevant government agencies and control authorities are linked to NSW.

Specifically, the data for export and import declarations, input to NSW in XML format, are transferred to the customs system that works in the same way as ERP of a commercial firm and systematically supports the evaluation procedure of customs on the applied declarations, to classify the cases into Class-1, 2 and 3. The updated stage of the customs procedure is shown to the applicants in real time via the website.

NSW is also utilized to enhance the international competitiveness of Taiwan and to reduce the cost of global transactions, realizing electronic exchange of trade documents

(2) Procedure of export and import declarations

Access to NSW is limited to the following two service providers only.

- ① Trade Van: Handles about 85% of the total number of declarations.
36% of the total share is owned by the Ministry of Finance.
CEO is sent from the Ministry of Finance.
- ② Universal EC: Handles about 15% of the total number of declarations.
100% privately-owned company

Export and import declarations shall be in XML format that is compulsory for applicants; however, the abovementioned service providers do not provide the conversion service to XML format, probably due to the restrictive rules regarding avoidance of breaking of the sender's digital signature. Various IT firms in Taiwan provide a type of module to produce Declarations in XML that is installed in the backyard systems of the applicants. However, the applicants are prohibited from directly applying to NSW for declarations in XML. Application must always be through the above Service Providers. It is most probable that customs intend to commission the Service Providers to pre-screen the applicants to avoid false declarations.

(3) Import and export permissions and the necessity of invoice

Customs check the contents of the import and export declarations and classify them into the following three categories that are mostly the same as in Japan.

C1: No further inspection required

C2: Inspection required with relative shipping documents such as invoice

C3: Inspection required on goods with relative shipping documents

As NSW does not have a proper invoice format, there is no way to receive invoices in XML from users sent through EDI. According to some customs brokers, when C2 or C3 is applied, users present to customs the required paper documents that they have received from exporters and importers at the time of their being commissioned declaration works by them.

(4) Storage of electronic shipping documents

Exporters and importers, as well as forwarders, are legally obligated to store documents such as invoices, related to cross-border commercial transactions, for 5 years. Trade Van provides them with a pay-per-use service to store their corresponding electronic documents for 6 years on their behalf, under the valid conditions that those documents are deemed to be genuine and effective for any legal requirements during the above retention period.

(5) Answers in accordance with questionnaires

TAIWAN

<Support document>

- 1 Is an Invoice required at the stage of Declaration as support document?
According to the description in Web Page of the customs, presentation of Invoice is required at the time of Export and Import Declarations.
- 2 Is an Invoice in PDF admitted as Invoice for customs procedure?
Principally it shall be in writing.

<official system to handle e-Invoice>

- 3 ✓ Does the Customs system handle e-Invoice for users, directly?
Trade Van, a company to provide front end service to the customs, provides service related to e-Invoice.
✓ Is it an obligation to submit Invoice to the customs electronically?
No
✓ What other systems (such as National Single Window) handle e-Invoice?
National Single Window and the customs system are directly connected each other.
- 4 Is it possible for shippers to submit e-Invoice to above system?
It is impossible for exporters and importers to submit e-Invoice to the customs system.
- 5 Does above system provides standard Invoice Template for cross-border transactions that shippers can use for submitting Invoice to above system?
Any kind of Standard Invoice Template isn't provided.
- 6 Is it possible for Customs broker in charge to access to above system and pick up the Invoice, for deploying it to Declaration on behalf of shippers?
No. Customs brokers always receive shipping documents directly from exporters and importers.

<In case required inspection on document or on goods for customs clearance>

- 7 Is an Invoice required when the Declaration is judged to Red Line?
Yes, it is. When such is the case, Invoice is required to be

presented to the customs in writing.

- 8 Is the Consumption tax or Value Added tax charged on Invoice for Import?
Yes. VAT is charged in accordance with Invoice for Import.
- 9 Is above system ready to have cross-border interchange of e-Invoice?
It is technically possible that Trade Van send and receive e-Invoice across the border.
- 10 Experience of cross-border interchanging e-Invoice (as trial? which economy?)
Trade Van has the experience of handling e-Invoice of the forwarder sent from Korea.
- 11 In case e-Invoice is received, is such e-Invoice admitted legally as Invoice?
(Commercial obligations of addressee and rights of issuer are guaranteed legally?)
It will be studied upon concrete case comes out for e-Invoice.
- 12 Referring to 11, are there any restrictions on e-Invoice to be deemed legal?
(Such as, it shall be made based on some specific format etc...)
It may not be fixed yet.
- 13 Is e-Invoice handling service the service of the customs system or of service provider that is linked to the customs system through NSW ?
Any e-Invoice format isn't provided by NSW or by customs system.
- 14 Market situation on Supply Chain: Is e-Invoice used for the transactions among cross-border group companies or domestic group companies only?
They may have extended to cross-border transactions.
- 15 For domestic commercial transaction, is e-Invoice used commonly?
High performance of e-Invoice is realized in domestic transactions that contributed to increase the collection of Value Added Tax.
- 16 How e-Invoice is admitted legally?
Rules related to the e-Invoice for global trade use is the Digital Signature Act.
- 17 How long is the legal retention period of the Invoice?

5 years. Trade Van provides fee-based storage service for 6 years with which users can be free from the legal obligation of storage.

<Customs system>

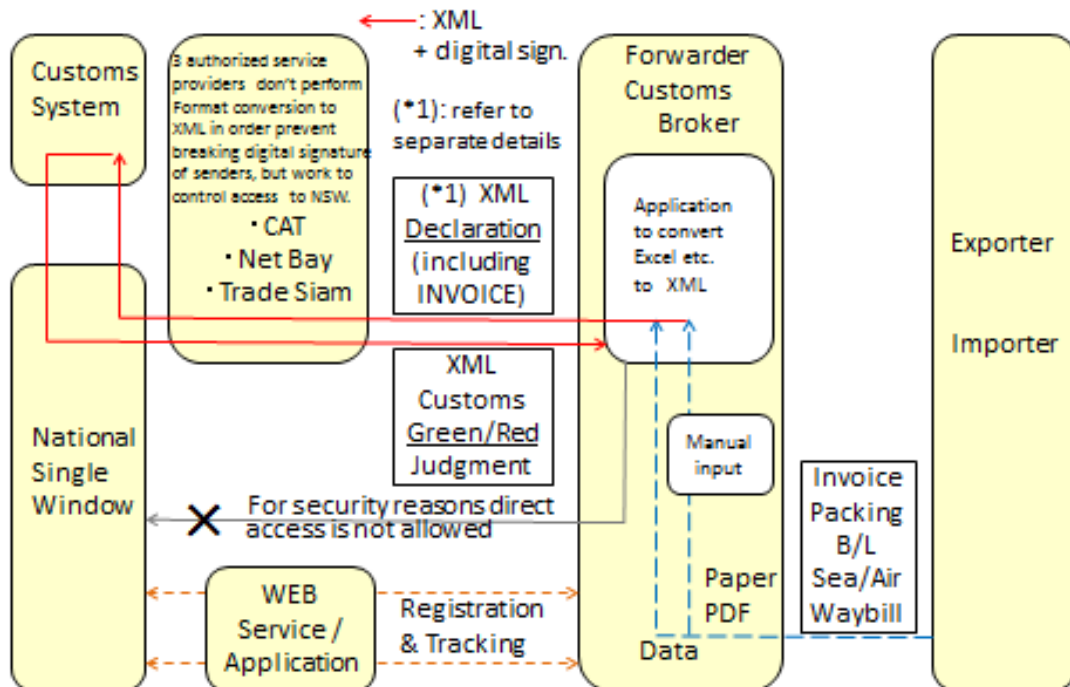
- 18 How is the situation of the linkage of customs system with the systems of other government agencies under National Single Window?
Almost all government agencies are linked to the National Single Window.
- 19 Does the customs system provide to users updated status on customs clearance?
(Cargo tracking within customs procedures)
It is possible with "Clearance Status Tracking" service of Trade Van.
- 20 Do you have some concrete plan to use ASEAN Single Window for your activity?
(Such as to provide cross-border e-document transfer service B-B.)
No
- 21 <Particular question> Special features that your economy or region is promoting currently on digitalization and paperless trade.
It is adopted a unique system to register the record of Invoice on the spot of the sales through Cloud system operated by the customs.
Lucky numbers are put on each Invoice that encourages customers to get Invoice each time they buy at stores.

2-3 THAILAND

(1) Procedures for export and import declarations

The following chart shows the flow of the export and import declarations.

Thailand -- Flow of Import and Export Customs Procedures



To submit export and import declarations, application on paper is not permitted. 100% of declarations shall be sent to the customs system through the National Single Window in XML format. However, direct access to the National Single Window by applicants themselves is not accepted and should always be done via service providers.

Service providers are limited to the following three:

- ① CAT (Private company for telephone public service)
- ② Net Bay
- ③ Trade Siam

These service providers have a broad connection with NSW and may take charge of checking the status of applicants (existing legally etc.) on behalf of customs.

Although XML is the only compatible language for NSW, and general applications such as Word, Excel etc. are not accepted, the above Service Providers do not provide to users a language or format conversion service to XML, probably in order to avoid the breakage of the digital signature of the original author of the documents by format conversion.

Faced with the above situation, applicants are obliged to install in their backyard system a software module, procurable in the market that makes it possible to produce the declaration in XML format, by inputting or transcribing data from the invoice etc.

All declarations are evaluated by customs and classified into two fields i.e. Green Line (customs clearance without further inspection) and Red Line (required documentary inspection or inspection on goods) before releasing import and export permission. The applicants are informed of such permission, following the reverse route to application, in a short time, such as in 1 hour in simple cases.

(2) Declaration format and e-Invoice

In both export and import declaration formats in Thailand, there are several divisions.

The structure of both export and import declaration formats in Thailand is rather complex.

The section of the overall description titled “control” where general information on the corresponding commercial transaction is described, precedes various individual divisions.

The first division is titled “invoice control” where common items of the invoice such as invoice number and date are described. For one declaration, this division of “invoice control” can be repeated 9,999 times, i.e. 9,999 invoices for one shipment can be declared to the customs in one declaration. Each “invoice control” division has a sub-division titled “invoice details” where the details of the loaded goods are described.

The second division is “duty” and the third and fourth are “permit” and “deposit”.

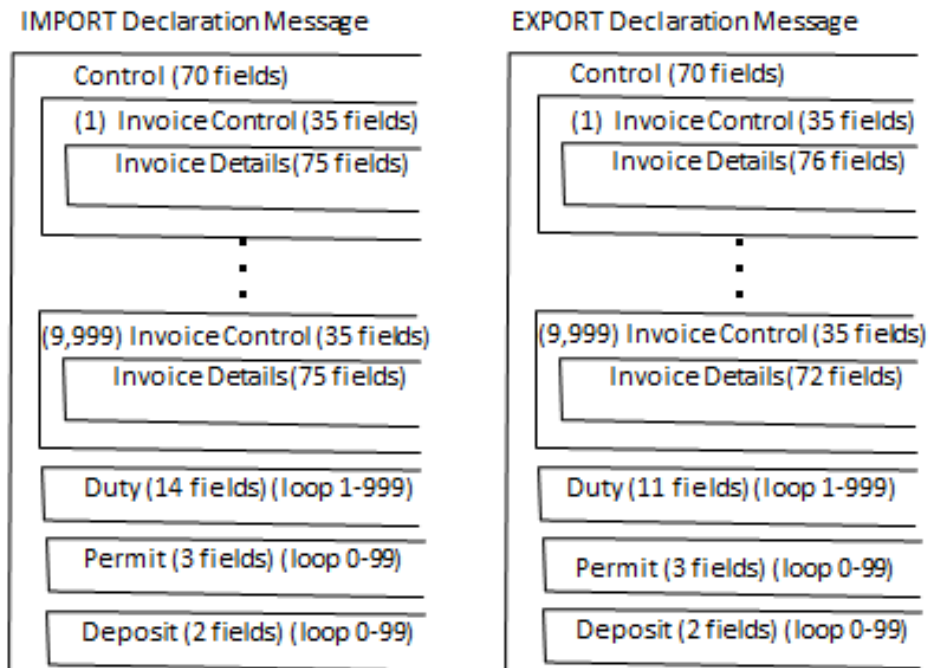
In this way, the declaration format of Thailand is organized well to collect business information effectively.

However, when an invoice is required as evidence in the case of Red Line, exporters and importers have to present the invoice to customs in writing.

The diagram below illustrates the composition of the declaration.

Thailand -- Structure of Declaration including INVOICE

Invoice is required at the stage of Declaration in the sense that the content of the Invoice forms a part of the Declaration in the following manner. (Reference of *1)



(3) Answers in accordance with questionnaires

THAILAND

<Support document>

- 1 Is an Invoice required at the stage of Declaration as support document?
To attach Invoice itself is not required by the customs.
at the time of Declaration, but in the format of the Declaration,
it has a partitioned area specified as "Invoice Control" where it is
required to transcribe all details of the contents of Invoice.
- 2 Is an Invoice in PDF admitted as Invoice for customs procedure?
No

<official system to handle e-Invoice>

- 3 ✓ Does the Customs system handle e-Invoice for users, directly?

No. The customs collect contents of invoice through the format of Declaration, but doesn't handle e-Invoice itself.

✓ Is it an obligation to submit Invoice to the customs electronically?

No

✓ What other systems (such as National Single Window) handle e-Invoice?

National Single Window and the customs system are directly connected each other.

4 Is it possible for shippers to submit e-Invoice to above system?

Import No way to submit e-Invoice

Export No way to submit e-Invoice

5 Does above system provides standard Invoice Template for cross-border transactions that shippers can use for submitting Invoice to above system?

Any kind of Standard Invoice Template isn't provided.

6 Is it possible for Customs broker in charge to access to above system and pick up the Invoice, for deploying it to Declaration on behalf of shippers?

No. Customs brokers are in a position to input Declaration on behalf of exporters and importers.

<In case required inspection on document or on goods for customs clearance>

7 Is an Invoice required when the Declaration is judged to Red Line?

Yes, it is. When such is the case, Invoice is required to be presented to the customs in writing.

8 Is the Consumption tax or Value Added tax charged on Invoice for Import?

Yes. VAT is charged in accordance with Invoice for Import.

9 Is above system ready to have cross-border interchange of e-Invoice?

It is technically possible that NSW or Service Providers' system exchange electronic documents across the border.

10 Experience of cross-border interchanging e-Invoice (as trial? which economy?)

There's no experience.

- 11 In case e-Invoice is received, is such e-Invoice admitted legally as Invoice?
(Commercial obligations of addressee and rights of issuer are guaranteed legally?)
There haven't been any experiences of such case.
However it will be sure that Digital Signature is required.
- 12 Referring to 11, are there any restrictions on e-Invoice to be deemed legal?
(Such as, it shall be made based on some specific format etc...)
It may not be fixed yet but anyway it will be in the scope of ETDA
(Electronic Transactions Development Agency).
- 13 Is e-Invoice handling service the service of the customs system or of
service provider that is linked to the customs system through NSW ?
It will be most probably Service Providers.
- 14 Market situation on Supply Chain: Is e-Invoice used for the transactions
among cross-border group companies or domestic group companies only?
They may have extended to cross-border transactions.
- 15 For domestic commercial transaction, is e-Invoice used commonly?
Domestic commercial transaction is the area where e-Invoice is
most actively induced especially from the need of tax office
to reduce the left behind of Value Added Tax.
- 16 How e-Invoice is admitted legally?
In general the Electronic Transactions Act rules on electronic
documents and e-Invoice may be included in it.
- 17 How long is the legal retention period of the Invoice?
5 years
- <Customs system>
- 18 How is the situation of the linkage of customs system with the systems of
other government agencies under National Single Window?
28 Government Agencies and 5 Controlling Units are linked to
the National Single Window.
- 19 Does the customs system provide to users updated status on customs clearance?

(Cargo tracking within customs procedures)

Customs system doesn't have function to provide to users updated status on customs clearance.

20 Do you have some concrete plan to use ASEAN Single Window for your activity?
(Such as to provide cross-border e-document transfer service B-B.)

No

21 <Particular question> Special features that your economy or region is promoting currently on digitalization and paperless trade.

A project to exchange trade data with Malaysia is now going on.

2-4 Others

Using the opportunity of APTFF* some relative information has been obtained from the participants of the following states through a short interview.

Note*

APTFF (Asia Pacific Trade Facilitation Forum):

APTFF is a forum that is jointly organized by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Asian Development Bank (ADB) and the Ministry of Commerce of Thailand, and in 2014, the Forum was held on 24 and 25 of September at BITEC, Bang-Na, Bangkok, Thailand. It aims to promote trade facilitation as an important component of a comprehensive strategy for national and regional development.

<A> PHILIPPINES

A brief interview with InterCommerce Network Services revealed the following information in accordance with the questionnaires.

PHILIPPINES

<Support document>

1 Is an Invoice required at the stage of Declaration as support document?

Invoice is required at the time of Import and Export Declarations

2 Is an Invoice in PDF admitted as Invoice for customs procedure?

The Invoices for above requirement shall be in writing.

<official system to handle e-Invoice>

3 ✓ Does the Customs system handle e-Invoice for users, directly?

No

✓ Is it an obligation to submit Invoice to the customs electronically?

No

✓ What other systems (such as National Single Window) handle e-Invoice?

Systems of InterCommerece can handle e-Documents of users.

4 Is it possible for shippers to submit e-Invoice to above system?

It is impossible for exporters and importers to submit e-Invoice to the customs system.

5 Does above system provides standard Invoice Template for cross-border transactions that shippers can use for submitting Invoice to above system?

Any kind of Standard Invoice Template isn't provided.

6 Is it possible for Customs broker in charge to access to above system and pick up the Invoice, for deploying it to Declaration on behalf of shippers?

The routine to provide e-Invoices through NSW or customs system from Exporters and Importers to Customs brokers or Forwarders for deploying them to Declarations is not provided.

<In case required inspection on document or on goods for customs clearance>

7 Is an Invoice required when the Declaration is judged to Red Line?

Yes, it is. When such is the case, Invoice is required to be presented to the customs in writing.

8 Is the Consumption tax or Value Added tax charged on Invoice for Import?

Yes. VAT is charged in accordance with Invoice for Import.

9 Is above system ready to have cross-border interchange of e-Invoice?

It is technically possible that InterCommerce send and receive e-Invoice

across the border.

10 Experience of cross-border interchanging e-Invoice (as trial? which economy?)
As for e-Invoice, no.

14 Market situation on Supply Chain: Is e-Invoice used for the transactions among cross-border group companies or domestic group companies only?
They may have extended to cross-border transactions.

15 For domestic commercial transaction, is e-Invoice used commonly?
e-Invoice is applied sometimes for domestic Warehouse Permit.

16 How e-Invoice is admitted legally?
The rule that is related to electronic commercial document is Electronic Commerce Act of 2000.

17 How long is the legal retention period of the Invoice?
10 years. The first 3 years shall be in writing on paper, while for the rest 7 years, it is permitted to store digitally.

<Customs system>

18 How is the situation of the linkage of customs system with the systems of other government agencies under National Single Window?
Most of the government agencies are linked to NSW.
The ways of linkage are various for each agency.

19 Does the customs system provide to users updated status on customs clearance?
(Cargo tracking within customs procedures)
The customs system doesn't provide tracking information.

20 Do you have some concrete plan to use ASEAN Single Window for your activity?
(Such as to provide cross-border e-document transfer service B-B.)
Not concretely

21 <Particular question> Special features that your economy or region is promoting currently on digitalization and paperless trade.
As for international trade facilitation program, it is now under work to proceed self-certification of Origin. The first trial will be carried out

among Malaysia, Singapore, Thailand and Brunei and the second will be among Philippines, Indonesia and Laos.

 KOREA

The following information was obtained from a brief interview with KT-Net.

- ✓ Principally it is not required to present invoices to customs as evidence at the time of import and export declarations.
- ✓ e-Invoice is currently not handled in the customs systems but broad changes to the situation are expected, once new IT related rules come into force within a short period of time.
- ✓ In the system of KT-Net, e-Invoice is handled when required by users.
- ✓ When it is classified that the customs clearance is subject to documentary check or the inspection of goods, presentation of the invoice is required and in such cases, as of today, such invoices shall be made in writing on paper.

<C> *INDONESIA*

The following information was obtained from a brief interview with EDI Indonesia.

- ✓ The invoice shall be attached to the import declaration; however, in case of export declaration, the invoice is not required to be attached but shall be presented within 5 days after sailing out of the carrier vessel.
- ✓ The invoice shall be in writing and PDF is not accepted.
- ✓ As the customs system does not have any measures in place to handle the e-Invoice, no format for the e-Invoice is provided at present.
- ✓ The customs system, as well as NSW, does not provide a B-B data mediation service such as conveying shipping documents from the exporter and importer to forwarders etc., for their deploying of data to further customs procedures.
- ✓ Once a case is classified as requiring documentary inspection or the inspection of goods for the customs clearance, presentation of invoices to customs is required and in such cases, the invoices shall be in writing on paper.

- ✓ EDI Indonesia has experience in developing a type of “standard invoice format” at the request of the government, but there is no record of such standard invoice being used for commercial transactions.

✓

<D> MALAYSIA

The following information is obtained from Dagang Net via e-Mail.

- ✓ Attachment of an invoice to the export and import declarations is required.
- ✓ The above invoices shall be in writing on paper.
- ✓ It is impossible for exporters and importers to input the invoice electronically into the National Single Window (myTRADeLINK) as of today.
- ✓ No official invoice format is provided.
- ✓ Presentation of the invoice in writing on paper is indispensable when the customs require it as evidence (a pre-condition to release permits) when the case is classified as Red Line (subject to documentary check or inspection of goods).
- ✓ Technically it is possible for NSW and service provider systems to exchange electronic documents across borders.
- ✓ The number of Government agency systems that are linked to the National Single Window is 25.
- ✓ The legal retention period of the invoice is 7 years, and it shall be reviewable on the monitor screen when required, for the first 2 years.

3 Introduction of the Situation in Japan

3-1 Description of the situation in Japan

JAPAN

<Support document>

- 1 Is an invoice required at the stage of declaration as a support document?
Basically not required
- 2 Is an invoice in PDF form admitted as the invoice for the customs procedure?
Basically Yes

<Official system for handling e-Invoice>

- 3 ✓ Does the customs system handle the e-Invoice for users directly?

NACCS (Japanese NSW) provides the invoice format (IVA) to users.

- ✓ Is there an obligation to submit the invoice to customs electronically?

No

- ✓ What other systems (such as National Single Window) handle the e-Invoice?

Since NACCS integrates NSW function, NACCS as a whole handles e-Invoice function (IVA).

- 4 Is it possible for shippers to submit the e-Invoice to the above system?

Import	No	Invoice information could be input by an importer, but it is not regarded as a genuine invoice for import.
Export	Yes	as IVA

- 5 Does the above system provide a standard invoice template for cross-border transactions that shippers can use for submitting an invoice to the above system?

The above IVA is applicable as a commercial invoice depending on the user.

- 6 Is it possible for a customs broker in charge to access the above system and collect the invoice, for deploying it to the declaration on behalf of the shippers?

Import	Yes
Export	Yes

<In the case where inspection of document or of goods is required for customs clearance>

- 7 Is an invoice required when the declaration is judged as Red Line?

Yes, but when exporters and importers have registered IVA to NACCS, IVA works as the required invoice.

Even if IVA is not registered in advance, NACCS provides a second option called MSX registration that enables forwarders (customs brokers) to present to customs the required document in PDF, Word, Excel format etc. electronically thus avoiding paper presentation.

- 8 Is the Consumption Tax or Value Added Tax charged on the invoice for import?
Yes. It is necessary to pay excise tax based on custom value declared.
- 9 Is the above system ready to have cross-border interchange of the e-Invoices?
Technically yes
- 10 Is there any experience of cross-border interchanging of e-Invoices (as trial? which economy?)
No
- 11 If an e-Invoice is received, is such e-Invoice admitted legally as the invoice?
(Are commercial obligations of the addressee and rights of the issuer legally guaranteed?)
Yes, as long as it meets the criteria of the e-Document Law
- 12 Referring to 11, are there any restrictions on the e-Invoice in order that such invoice is deemed legal?
(Such as, it shall be made based on some specific format etc.)
As long as it satisfies the criteria of e-Document Law, no other restriction is given.
- 13 Is the e-Invoice handling service a service of the customs system or of the Service Provider that is linked to the customs system through NSW?
It is a service provided by NACCS.
- 14 Market situation of supply chain: Is the e-Invoice used among cross-border group companies or among domestic group companies only?
There are many independent cases of the supply chain where the e-Invoice is applied internationally.
- 15 For domestic commercial transactions, is the e-Invoice used commonly?
The "Electronically Recorded Monetary Claims Act" was enforced in 2008, meaning that the e-Invoice would be more widely used for domestic business, but in reality, it is not widely used
- 16 ✓ How is the e-Invoice admitted legally?
It is legalized by the so-called e-Document Law enforced in 2005.
✓ Are there any criteria required for the e-Invoice to be admitted as an official document?

In the case of cross-border transaction:

In the case of domestic business:

For both, the following four elements are required:

Readability, Integrity, Confidentiality and Searchability.

For details, see the above e-Document Law.

17 How long is the legal retention period of the invoice?

5 years for all (paper or digital)

(Declaration for import is 7 years.)

<Customs system>

18 What is the situation of the linkage of the customs system with the systems of other government agencies under National Single Window?

All Government agency systems were integrated in NACCS in Oct. 2013.

Customs Procedures (NACCS)	MOF
Port Procedures (Port EDI)	MLIT
Quarantine	MHLW
Immigration	MOJ
Trade Control (JETRAS)	METI
Food Quarantine (FAINS)	MHLW
Animal Quarantine (ANIPAS)	MAFF
Plant Quarantine (PQ-Network)	MAFF

19 Does the customs system provide to users updated status on customs clearance?

(Cargo tracking within customs procedures)

User can carry out cargo tracking using a cargo inquiry function.

20 Do you have any concrete plan to use ASEAN Single Window for your activity?

(Such as to provide cross-border e-document transfer service B-B.)

In the event of completion of ASEAN SW, connection with Japan SW might be an issue.

21 <Specific question> What special features are your economy or region promoting currently on digitalization and paperless trade?

JASTPRO has assumed the position of the Rapporteur for Asia and the Pacific in UN/CEFACT to contribute to the realization of paperless trade.

3-2 Special features of NACCS

(1) IVA

The National Single Window in Japan, NACCS (Nippon Automated Cargo and Port Consolidated System) has a unique function that supports B to B data transfer of trade related documents. IVA is an official format of the invoice and packing list that NACCS provides to exporters and importers with which they transfer the details of the invoice to forwarders who deploy such data for proceeding export and import declarations.

The flow is mostly as follows:

Exporters and importers input data to IVA (in real practice, most users may create invoices with their own in-house system and then convert them to IVA format before transferring to NACCS, employing some supplementary simple module) and NACCS accept it issuing a unique acceptance number for each IVA.

Exporters and importers advise such acceptance number to their forwarders who access NACCS using such acceptance number as the key to collect IVA.

Forwarders re-organize the IVA data by sorting line items per each HS code etc. and set up IVB ready for deployment to export and import declarations.

(2) *IVA is deemed to be the genuine invoice*

Such IVA, processed in the above manner, is registered in the NACCS database. Therefore, even when a case is classified as C-2 (customs clearance subject to documentary check) or C-3 (inspection of documents and goods is required), basically it is not necessary to present invoices other than IVA.

IVA applied for export is deemed, by the customs, to be the genuine invoice.

(3) *Relief from the obligation concerning legal retention*

Based on the same reason as above, once IVA is registered, the legal obligation of storing documents for a defined retention period is also exempted.

(4) MSX

In addition to this IVA system, NACCS provides another secondary option called MSX for C-2 and C-3, even if IVA is not registered by exporters and importers at the time of declaration. In the case of C-2 and C-3, forwarders shall present invoices to customs on behalf of exporters and importers, if IVA is not registered in NACCS. The abovementioned MSX provides a tool to the forwarders to present the required invoice for customs clearance in a soft file on Word or Excel or PDF etc.

When the MSX option is applied, the invoices, registered to NACCS in such a way, are stored in the NACCS database like IVA, releasing the parties concerned from the obligation of legal retention.

(5) Shipping Instruction & Import Instruction

In addition to IVA, NACCS also provides exporters and importers with the Shipping Instruction and Import Instruction formats, by which they request forwarders to undertake operations of loading and discharging goods to/from vessels. Forwarders can create drafts of B/L or waybill in the NACCS system deploying the data of the Shipping Instruction, and direct them to the corresponding carriers that are also users of the NACCS system (NSW). In this way the forwarders can avoid the risk of miss-transcription of data and Shippers can reduce their burden to check the contents of B/L or Waybill.

3-3 IVA Invoice format

(1) PAA data model is applied

IVA is setup in XML format and all columns have a tag structure in accordance with the PAA (refer to page-7) data model. The abovementioned Shipping Instruction is also discerned in the same way.

As the contents of the packing list are mostly the same as the invoice, IVA can also be recognized as a packing list.

(2) Restrictions

As far as the contents of IVA are concerned, since they are organized in consideration of Customs clearance purpose, those do not necessarily cover general business requirements. By the very nature of the “standard”, the

IVA format inevitably has some practical restrictions. For example the “number of digits for the description of goods” was used to be less than 100 and the “total number of lines” was limited to less than 200 at the outset. Later on NACCS has improved such restrictions to 200 for number of digits for the description of goods and 800 for the total number of lines, at the request of traders.

Due to above-mentioned circumstances, IVA may be able to cover a substantial number of global trade transactions but not all.

(3) Tentative mapping of the items of IVA with PAA data model

“Standardized Fixed Layout Format of Invoice” is assumed to be used for Cross-border Transactions i.e. issued by exporters and sent to importers, in ordinary real business. Although IVA is a format of Invoice, it is not focused to the commercial use only, but also to the use for customs procedures, taking into consideration the convenience for deploying to the Declarations etc... The scope of coverage of IVA is so wide that even Importers input IVA in importing country for the customs procedures, transcribing Invoices that they received from Exporters. Therefore IVA includes various items that are not necessary for ordinary commercial Invoices of Exporters.

For creating “Standard Fixed Layout”, the items of Official Invoice Formats like IVA or Declarations of various states shall be put together and normalized. Then essential items only shall be extracted in accordance with the necessity for Commercial Invoice of real business and customs as well. The items marked with © of the List below are candidates that are considered to be suitable for appearing in the PDF format of the Standardized Fixed Layout, selected from IVA, as trial.

The List below shows the whole items of IVA including some system control items together with the corresponding PAA tags of Super Set.

IVA is originally designed with the proper specification of NACCS and later on XML version has been prepared for the convenience of cross-border transactions, applying PAA tags. The column of “Field Description” of IVA is basically translation of Japanese description and not represents the so-called Field Name. In order to avoid complication, some tags are translated focusing to the Export Transactions.

IVA Standard Invoice in Japan
provided by NACCS
Original NACCS format version and XML version
based on PAA Super Set
with Indication of Items that would be suitable for
Standard Fixed Layout

↓ Standardized Fixed Layout Format may have Items marked "©" in PDF.

IVA registration format			PAA Super Set		
item	length	Field Description	item	length	Field Name
1		NACCS Header			
2			5		RootElement
3			10		Header
4			20		DocumentFormat
5	an3	Control element	60	an10	DocumentTypeCode
6	an5	Operation Code			
7	an10	Applicator's ref.	70	an35	DocumentTypeDescription
8		DocumentIdentification	80		DocumentIdentification
9	an26	Linkage Request-Result	130	an35	MessageFunction
10	an1	air-naccs or sea-naccs	140	an2	MessageTransferSequenceNo
11	an5	Applicants Code	150	an35	SenderID
12	an3	Identification			
13	an8	Applicants PassWord			
14	an6	Logical Terminal			
15		Common Portion			
16			170		Body
17			180		GeneralInformation
© 18	an35	InvoiceNo	185	an35	DocumentNo
19	an1	E (Export)	190	an35	DocumentVersion
20	an10	IVA AcceptanceNo (blank application)			
© 21	n8	IssueDate	230	n8	IssueDate
22			240		IssuePlace
23	an35	LocationName	260	an80	LocationName
24			450		Incoterms

◎	25	an20	PriceTerm	470	an35	IncotermsValue
	26			480		NamedLocation
	27	an30	LocationName	500	an80	LocationName
◎	28	an30	PaymentTerms	505	an80	FreightPaymentMethod
	29			510		ReferenceNoInformation
◎	30	an35	IdentificationNo(C/N L/C...)	520	an35	ReferenceNoType
◎	31	an35	ReferenceNo	530	an35	ReferenceNo
	32			560		ReferenceDocumentDateInfo
◎	33	n8	IssueDate	580	n8	ReferenceDocDateValue
	34			900-10		PartiesSelection
	35			900-20		Shipper
	36			900-220		ContactDetails
◎	37	an35	ShipperReferenceNo	900-260	an35	ReferenceNo
	38		<Items38-61 repeatable 2 times>	1000		Parties
◎	39	an6	SELLER	1010	an35	PartyType
◎	40	an70	Exporter's Name	1020	an80	OrganizationName
	41			1030		OrganizationIdentification
	42	an12	Exporter's Code	1035	an35	OrganizationReferenceType
	43			1050		AddressInformation
◎	44	an105	Exporter's Address entire	1060	an55	Text
	45	an70	Exporter's Address separate descript	1060	an55	Text
	46			1070		City
	47	an35	Exporter's Address separate descript	1090	an80	LocationName
	48			1100		StateorProvince
	49	an15	Exporter's Address separate descript	1120	an35	StateorProvinceName
	50			1130		Country
	51	an2		1140	an5	CountryCode
◎	52	an7	Exporter's Postal Code	1160	an35	PostalCode
	53			1170		ContactDetails
	54	an60	issurer's Name	1180	an80	PersonName
	55	an5	Applicant's Code	1190	an35	DepartmentName
◎	56	an12	Exporter's Telephone No.	1200	an100	TelephoneNo

	57	an70	e-mail Address	1220	an100	E-MailAddress
	58			1226		NotificationbyMail
	59	an8	Rec.MailfromNACCSinXML	1227	an35	RequiredDocuments1
	60	an8	Rec.MailfromNACCSinPDF	1227	an35	RequiredDocuments2
	61	an8	Rec.MailfromNACCSinAttch	1227	an35	RequiredDocuments3
	62			5160		TransportDetails
	63			5205		ModeofTransportCode
	64	an3	TransportationTypeSeairAir	5210	an35	ModeofTransportCodeType
	65			5230		SeaTransportIdentification
	66			5240		Vessel
◎	67	an35	VesselName	5250	an35	VesselName
	68			5260		VoyageDetails
	69	an10	VoyageNo	5270	an35	VoyageNo
	70			5290		FlightDetails
◎	71	an35	FlightNo	5300	an35	FlightNo
	72			5370		PlaceofTransport
	73			5410		PlaceofLoading
	74	an5	LoadingPortCode	5420	an25	LocationCode
◎	75		LoadingPortName	5430	an80	LocationName
	76			5440		PlaceofDischarge
	77	an5	LocationCode	5450	an25	LocationCode
◎	78	an20	DischargingPortName	5460	an80	LocationName
	79			5680		PlaceofTransshipment
	80	an5	ViaPlaceCode	5690	an25	LocationCode
◎	81	an30	ViaPlaceName	5700	an80	LocationName
◎	82	n8	TimeofShipment	5765	an80	TimeofShipment
	83			6510		PackingDetails
	84			6520		TotalNetWeight
◎	85	n10	TotalNetWeight	6530	n21d6	Value
◎	86	an3	TotalNetWeightUnitCode	6540	an10	WeightUnitCode
	87			6550		TotalGrossWeight
◎	88	n10	TotalGrossWeight	6560	n21d6	Value
◎	89	an3	TotalGrossWeightUnitCode	6570	an10	WeightUnitCode
	90			6610		TotalGrossVolume
◎	91	n10	GrossVolume	6620	n21d6	Value

◎	92	an3	GrossVolumeCode	6630	an35	VolumeUnitCode
	93			6640		Package
	94	an10	PackingListNo	6650	an35	PackageID
	95			6660		TotalPackage
◎	96	n8	TotalNumberofPackage	6670	n15	NumberofPackage
◎	97	an3	TotalNo.ofPackageCode	6680	an35	TypeofPackageCode
◎	98	an140	MarksandNumbers	6690	an80	MarksandNumbers
	99	j70	ShippersRemarks	7010	an80	AdditionalPackInformation
◎	For Standard Fixed Layout this shipper's remarks in Japanese shall be replaced with remarks in English with wider space.					
	100			8330		GeneralChargesorDiscounts
	101			8340		UnitBasedCharge
◎	102	an20	DiscountType	8390	an35	UnitBasedType
	103			8410		ChargeAmount
◎	104	n9	DiscountAmount	8420	n21d	Value
					6	
◎	105	an3	DiscountACurrencyCode	8430	an5	CurrencyCode
	106			8450		PercentageBasedCharge
	107			8510		ChargeAmount
	108	n9	OtherChargeorDiscount	8520	n35d	Value
					6	
	109	an3	OtrCharDiscCurrencyCode	8530	an5	CurrencyCode
	110	an20	OtrCharDiscType	8560	an35	ChargeType
	111			8650		Totals
	112			8660		TotalAmount
	113			8670		Multicurrency
◎	114	n18	Invoice Total Amount	8680	n35d	Value
					6	
◎	115	an3	InvoiceTAmntCurrencyCode	8690	an5	CurrencyCode
	116			8800		PaymentTermsandConditions
	117			8910		FinancialInstitutionDetails
◎	118	an80	L/C Opening Bank	8920	an80	OrganizationName
◎	119	n18	<i>FOB Reference Price</i>	7630	=163	<i>7630/7910 are FOB when 470 is FOB.</i>
◎	120	an3	<i>FOB Ref Price Currency Code</i>	7640	=164	<i>when 470 is not FOB while required</i>

⊙	121	n13	FOB Ref P increase Decrease	7910	=171	FOB value as reference, item 8691
⊙	122	an3	FOBRefPIncDecCurrencyCode	7920	=172	may be suitable to mention them.
				8550		LumpSumChargewithDocumentIdentifier
				8560	an35	ChargeType
				8570		ChargeAmount
⊙	123	n16	Freight	8580	n35d6	Value
⊙	124	an3	Freight Currency Code	8590	an5	CurrencyCode
				8640-100		FreightChargeLocation
				8640-130	an5	LocationCode
⊙	125	an20	Freight Payment Place	8640-140	an35	LocationName
				8360		UnitCharge
⊙	126	n9	Shipment Charge 1	8370	n21d6	Value
⊙	127	an3	ShipChargeCurrencyCode1	8380	an5	CurrencyCode
⊙	128	an20	ShipChargeType1	8350	an35	ChargeType
⊙	129	n9	Shipment Charge 2	8370	n21d6	Value
⊙	130	an3	ShipChargeCurrencyCode2	8380	an5	CurrencyCode
⊙	131	an20	ShipChargeType2	8350	an35	ChargeType
⊙	132	n9	InlandTransportCharge	8580	n35d6	Value
⊙	133	an3	InlandTrChCurrencyCode	8590	an5	CurrencyCode
				8480		ChargeBasisAmount
⊙	134	n14	Insuarance Charge	8490	n21d6	Value
⊙	135	an3	InsChargeCurrencyCode	8500	an5	CurrencyCode
				8510		ChargeAmount
⊙	136	n9	InsChargeIncreaseDecrease	8520	n35d6	Value
⊙	137	an3	InsChIncDecCurrencyCode	8530	an5	CurrencyCode
	138			9140		RequiredDocuments
	139			9150		C_RequiredDocument
	140	j100	Remarks	9170	an80	C_DocumentDescription
	141			9180		AdditionalInformation
	142	n4	Total Number of Lines	9190	an350	Text
	143	Line Items (max repetition 800 times)				
	144			7260		LineItemDetails
	145			7270		LineItem
⊙	146	n3	Line Item No.	7280	an35	LineItemNo
	147			7290		Product

⊙	148	an40	Product No.	7300	an70	ProductName
	149			7320		ProductIdentifiers
	150			7330		C_ProductIdentifier
⊙	151	an10	HS Code	7340	an35	C_ProductIdentifierType
⊙	152	an200	ProductName Specification	7350	an256	C_ProductIdentifierValue
	153			7370		PackageandWeightSummary
	154			7380		TotalPackages
⊙	155	n12	Quantity1	7390	n15	NumberofPackages
⊙	156	an4	Quantity1UnitCode	7400	an35	TypeofPackageCode
⊙	157	an35	Package No	7470	an35	MarksandNumbers
	158			7480		PackageandWeightDetail
	159			7520		NetWeight
⊙	160	n12	Quantity2	7530	n21d6	Value
⊙	161	an4	Quantity2UnitCode	7540	an10	WeightUnitCode
	162			7620		UnitPrice
⊙	163	n9	Unit Price	7630	n21d6	Value
⊙	164	an3	UnitPriceCurrencyCode	7640	an5	CurrencyCode
	165			7660		LineItemQuantity
⊙	166	an3	UnitQuantityforUnitPrice	7680	an50	UnitofMeasureCode
	167			7870		LineItemChargesorDiscounts
	168			7880		UnitBasedCharge
⊙	169	an20	DiscountType(Incl.ODA)	7890	an35	ChargeType
	170			7900		UnitCharge
⊙	171	n9	Discount Amount	7910	n21d6	Value
⊙	172	an3	DiscountCurrencyCode	7920	an5	CurrencyCode
	173			8170		LineItemTotalAmount
	174			8180		MultiCurrency
⊙	175	n18	Price	8190	n21d6	Value
⊙	176	an3	PriceCurrencyCode	8200	an5	CurrencyCode
	178	an2	Country of Origin Code	8310	an5	CountryCode
⊙	179	an30	Origin Country Name	8320	an80	CountryName
	180			9700		Attachment
	181	<items181-185 repeatable 3 times>		9710		AttachedDocs
	182			9710-10	an35	ContentType

183	9710-20	an35	FileName	
184	9710-30	an35	TransferEncoding	
185	9710-40	an3mb	Content	
©	8691	an80	TotalAmountRemarks	⇒ note

note:

There may be cases when required FOB values even if the Price Term is not FOB i.e. when contracted in CFR, CIF etc. In such case it may be possible to show FOB values as references, using item 8691.

(4) Tentative PDF layout model created on the basis of IVA

The layout model that is inserted on Page-47 of the Proposal section is a tentative layout model of the invoice that we created based on the above series of items of IVA. (No official PDF version of IVA has been published.) Looking at this model, we can envisage that by laying out the items defined in IVA, we can obtain an invoice format that is equivalent to what is commonly used in daily commercial business. There are most likely many real transactions that can adopt this model as their commercial invoice, especially for those cases when the contract conditions are not overly complicated.

The next model on Page-47 is a sample of the invoice completed with some dummy data in order to obtain a concrete image of the invoice applying the layout of the IVA model.

II. Proposal for Standardized Fixed Layout Format of Invoice

Background to our Proposal of Fixed Layout of Invoice

(1) Slow progress of paperless trade

Two decades have passed since digitalization of international trade was commonly recognized. Even today, there is still no comfortable mechanism of paperless trade that was implemented as a global infrastructure.

The principal reasons for this are as follows:

a) Bills of Lading

This document is a type of negotiable security and its very nature makes it difficult to digitalize and to exchange electronically.

However on this point, caused by the gradual decrease of the use of B/L and increase of Waybills that do not have a security feature, this issue may be solved to some degree by natural progression.

b) Commercial Invoice

The variety of commercial invoices that have to satisfy complicated contract conditions, make it difficult to standardize the invoice format. Standardization efforts have been made by various global organizations like WCO, UN/CEFACT Layout Key, but due to the above reason, what has been standardized there, is not the layout of the invoice itself, but elements (such as date, place, name, etc. with their definition and attributes) with which users create their own invoice format.

(2) Different perspective on standardized invoice

Although it is impossible to create a standardized layout or standardized format of invoice that covers all and every commercial invoice that is exchanged globally for real business, it is possible to create a Standardized Fixed Layout that can be used by, not all, but only some of the transactions. Although it may only be “some”, depending on how such Standardized Fixed Layout is created, this “some” may not be a small number. There may be many transactions that can be covered by the Standardized Fixed Layout when it is programmed in a manner as described in the following proposal.

In order to enable paperless trade to be applied to global transactions to the greatest possible extent, the Standardized Fixed Layout of the electronic invoice described below will suffice.

This is the reason why we propose such invoice model this time.

Proposal for Standardized Fixed Layout Format of Invoice

The proposal is described from the next page onward.

This proposal is also mentioned in the reference of UN/ESCAP and PAA.

Proposal for Standardized Fixed Layout Format of Invoice for SME Paperless Trade

Creation of a global standardized format of invoice is said to be impossible, because invoices differ so markedly from one another, depending upon respective contracts, etc. Consequently, there is no common-use standardized format, ready to be used just by inputting user's invoice data. Therefore, each user has to create their own format as the first step by selecting the necessary items from the global standard data model such as the UN/CEFACT Layout Key, PAA Invoice Subset, etc. Such method is workable or even suitable when the users have abundant resources in the IT area. However, including SME, many entities may feel this to be cumbersome work. Therefore, in order to lighten their burden, it is worthwhile elaborating on such ready-to-use format.

Brief Argument:

(1) Paperless trade is led by large hub entities or global supply chains, and vice versa, its speed of progress is suppressed by their growth ceiling.

(2) In order to resolve the situation and encourage other entities including SME to enter into paperless trade, burden of creating electronic invoice format shall be removed by providing a ready-made format.

(3) A neutral and impartial standardized invoice format (Fixed Layout) can be created by extracting the necessary items from the customs declarations of every related state. ("Fixed Layout" sample model page-47)

(4) Although the Fixed Layout invoice is simple, several users may be able to adopt it as their commercial invoice, and it also satisfies customs as the evidence to validate declarations in every state of the region.

(5) The invoices, produced individually by a personal computer, may just be invoice information, and the signed paper original will be required to follow. The Fixed Layout invoice may be deemed to be the original document when it is transferred through the network, protected both technically and legally, whenever the local rules admit electronic documents.

(6) The Fixed Layout invoice will principally be filled in automatically in the Service Provider's system based on the in-put data of the declaration, without requiring double input in most cases.

(7) Service providers will add the Fixed Layout to their service menu and try to advertise it to acquire new clients that they would otherwise be unable to obtain without the Fixed Layout.

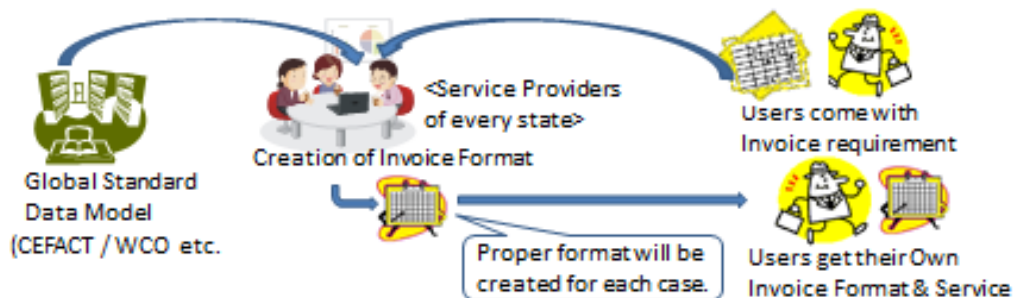
(8) The standard data model (UN/CEFACT, WCO, PAA etc...) is normally prepared to cover any requirements of users, and each user creates their own personal perfect-fit custom-made invoice format. This is the assumed usage of the global standard data model.

The concept of the Fixed Layout is not to create another standard data model, but rather, to develop another usage of the standard data model, on which a ready-made (instead of custom-made) invoice format is created on behalf of those entities that feel that such creation of their own custom-made format is too cumbersome.

(9) As it is “ready-made” and “fixed”, use by all and every entities will not be possible. However, there may be considerable numbers of entities that can adopt it as their e-Invoice. In this way we can accelerate the use of the e-Invoice and paperless trade, because they are most likely new users who will not enter into paperless trade immediately unless an easy method such as that described above is provided.

Difference in Concept of Standard Invoice Format

« Conventional concept of providing Format Creation Service »



« Creation of Fixed Layout and simple sale to the users »



1. Standardized Invoice Format

The creation of a global standardized format of invoice is possible, as long as we do not intend to make such format cover all and every case of cross-border transactions. As our objective is to expand the users of e-invoice and paperless trade, it is not so practical to propose a standardized format to those users who have already established their own method and format. When we focus on those cases, whose original invoice is still on paper, a simple standardized ready-made format and its easy transmission network will greatly encourage them to adopt paperless trade.

2. Base Findings to Create a Standardized Invoice Format

Assuming that we share the idea of providing a simple ready-made format of e-Invoice, an in-depth study on how to create such a simple format is required.

An invoice is a document with which the exporter clarifies the value of the goods and requires payment from the importer (when such is the case), and that is why invoices tend to be variable depending upon the contract conditions. In contrast, the customs of every state are the other interested parties of the invoice from the perspective of validating the contents of the import declaration. When they check invoices from that perspective, they tend not to look in every nook and corner, but only those parts that are related to the declaration, however precisely the invoices are described. (Separate attention should be paid to security trade control issues.)

As customs are common interested parties of the commercial invoices, as described above, creating a neutral and impartial simple ready-made invoice format will be adequate, based on the items required in the declaration formats of every state. Fortunately the result of our brief survey shows that the principal parts of the declarations are quite similar to each other.

Naturally the invoice is not created for presenting to customs, but for sending to the importer, and the contents shall cover fully the conditions of the contract to the importer's satisfaction. However, when the contract

conditions are not complicated, such invoice format with items extracted from the declaration only may easily cover the commercial requirements for the invoice. In the case of SME, their cross-border transaction is sometimes comparatively small and inconstant i.e. they may have cases sufficiently adequate and efficient to be covered by the above simple invoice format.

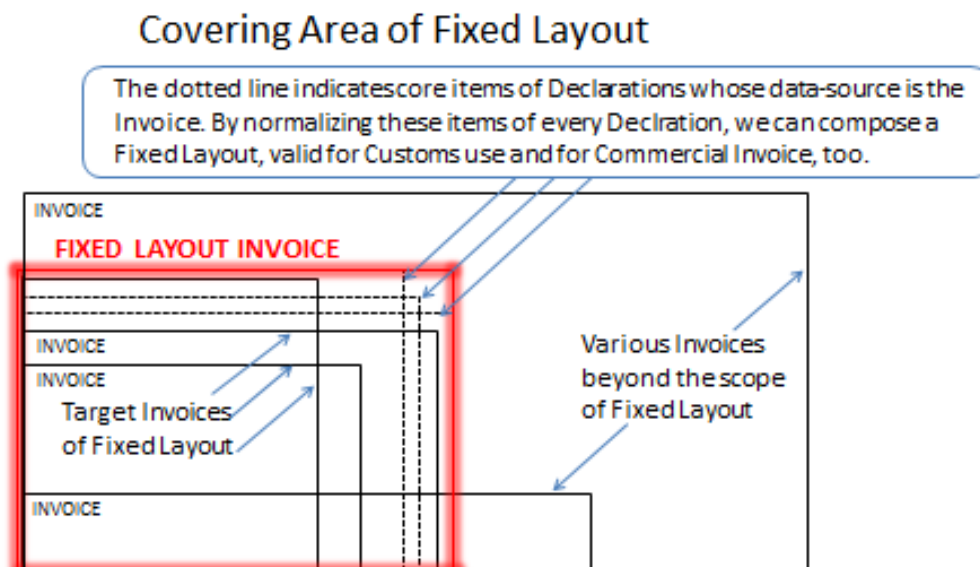
3. “Fixed Layout” is a Simple Ready-made Standardized Format of Invoice

As mentioned above, the simple ready-made standardized format of the invoice will be composed of the items that are selected through normalization by a comparative review of items of all declarations of the related states. The number of “commercial invoices” is infinite but the number of “declarations” is limited to the number of the states. Therefore, it is much easier to create a standardized format from the declarations than from commercial invoices.

In order to distinguish the format of the invoice with the above concept from others, we call the above “Fixed Layout”, and the invoice completed on the basis of the Fixed Layout, “Fixed Layout Invoice” here.

Chart-1 shows the scope of the Fixed Layout:

Chart-1



The Fixed Layout is the standardized format; therefore, the layout is totally fixed and no customization can be applied. The users quite simply judge whether or not the Fixed Layout is adoptable as their commercial invoice. If yes, they can become a user of the Fixed Layout; if not, they are beyond the scope of the Fixed Layout.

4 Actual Image of Fixed Layout

Figure-1 below is an example of the Fixed Layout that shows its actual image. The real Fixed Layout shall be composed of the items sorted from the common and principal part of the declarations of every related state, whereas this example is made based on the items selected solely from IVA*.

Figure-2 is an image of the Fixed Layout invoice, with dummy data. It may resemble the invoices, familiar to people in real cross-border business.

(Quick reference *) IVA

In the case of Japan, NACCS, the National Single Window, that adopts the front part of the customs system as well, provides an invoice format called IVA to exporters and importers of Japan for registering their invoice to customs (B-G) and also for transmitting the same to the customs brokers in charge (B-B) through NACCS. Based on the information of IVA, and adding some necessary information from other documents, the customs brokers apply the declaration to customs using the NACCS services.

The details of IVA is mentioned in the item 3-2 in page-29.

Index (example) to read Fig-1 Tentative Model of Fixed Layout

(The items of IVA are basically created based on the PAA Super Set.)

Party Type:	PAA data model XML Tag Name
(1010):	PAA Item No.
SELLER:	What to select
Organization Name:	PAA data model XML Tag Name (lower level)
14:	Item No. of IVA
(1020):	PAA Item No.
an70:	Type (alphanumeric) and Length (70)

Fig-1 Example of Fixed Layout (created by selecting items from IVA)
(Line items can be continued to the 2nd page onward, if necessary.)

space for logo
when printed
on logo paper

PartyType(1010)SELLER; OrganizationName14(1020)an70
(bigger font)

PartyType(1010)SELLER; AddressInformation21(1060)an105

INVOICE

Messrs. & Address PartyType(1010)BUYEROrganizationName 24(1020)an70 PartyType(1010)BUYER; AddressInformation30(1050)an105	Invoice No. DocumentNo5(185)an35	Invoice Date IssueDate6(230)n8
	Your Reference No. ReferenceNo9(530)an35	Our Reference No. ReferenceNo9(530)an35
	Vessel VesselName35(5250)an35 FlightNo35(5300)an35	Date of Shipment TimeofShipment39(5765)n8
	Port of Shipment PlaceofLoading; LocationName38(5430)an20	Port of Discharge PlaceofDischarge; LocationName38(5460)an20
Marks & No.s MarksandNumbers 33(6690)an140	via PlaceofTransshipment; LocationName42(5700)an30	
	Price Term IncotermsValue83(470)an20	Total Gross Weight TotalGrossWeight44(6550)n10 Unit
	Delivery Incoterms;NameofLocation84(500)an30	Total Net Weight TotalNetWeight46(6530)n10 Unit
	Total Invoice Amount Curr enc TotalAmount;Value81(8680)n18 y:T	Gross Volume GrossVolume48(6620)n10 Unit Total Package Number TotalPackages50(6670)n8 Unit Discount/Surcharge applied GeneralChargesorDiscounts75(8; Unit
Payment Term PaymentTerms11(8850)an30		
General Description Associated Values of Goods : Total FOB Amount Total Insurance Amount Total Freight Amount Total CIF Amount unit Currency:		
AdditionalInformation53(9190)j70⇒an512		

Number of Total Line Items: ReferenceNoInformation;ReferenceNo86(530)n4

item	Description of Goods	Quantity	Unit Price	Amount	Disc's.Chrg	Quantity(Ref.)	Remarks
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform
Line1	Productname91(7310)an200<Required to limit to an100 to use Fixed Layout>	Unit of Measure	Unit Price	Unit Currency	Unit =Line	Unit of Measure	HSCCode ReferenceNoInform

E.&O.E

Following page(s), if any, form(s) part(s) of this invoice.

Space for Stamp and Signature
when so required

5. Flow of Works to Input Data to Fixed Layout

The export declaration is normally filed by customs brokers, based on the information given by the exporter through commercial documents such as the invoice. This then begs the question, if such invoice is prepared in advance by the exporter, why is it necessary to create a separate Fixed Layout invoice? The answer is that the invoice prepared in the former manner is obliged to be printed on paper principally. It may be sent as PDF image, too, but it will not be the original for the final settlement; thus paper issue should follow anyway. It can be sent also on EDI but a particular prior arrangement will be required between the exporter and importer where cost cannot be justified if the volume of the business is not big enough.

The Fixed Layout invoice is completed automatically i.e. without double input by the exporter, from the declaration, prepared by the customs broker on behalf of the exporter, and sent to the importer after the digital signature has been furnished by the exporter, under the binding rules of the appointed network such as PAA (ref. page-7). Thus, apart from the advantages described in item 8 below, the Fixed Layout invoice, originated based on the declarations, may have chance to be accepted as the original invoice in many states where local rules permit the e-Invoice.

In some states, the items of export declaration are simple. In such case, even a portion necessary for the invoice might be omitted while passing the declaration process. Such portion of the invoice shall be recovered by the exporter before asking the service provider to transfer the Fixed Layout invoice to the importer.

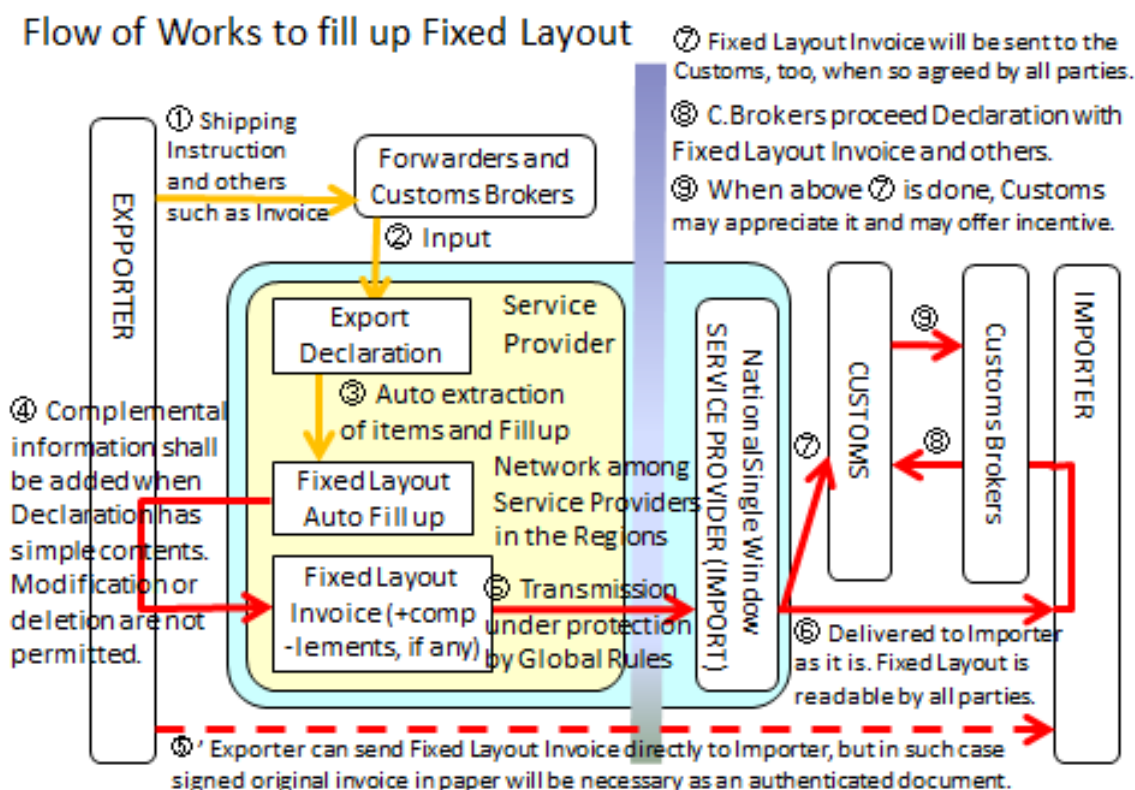
However, the exporter is only permitted to add information to the Fixed Layout invoice i.e. the portion that is automatically transcribed from the export declaration, once registered to the customs, cannot be modified or removed by the exporter at the time of the above lost-data recovery. (In the case where modification or removal of data is necessary, it is required to return to the declaration stage.)

It is possible that, under the consents of both the exporter and importer, the Fixed Layout invoice would be sent directly to the customs of the importing state, to be used as the counterpart of the comparative validation of the import declaration. In order to comply with such possible usage of the customs of the importing state, the Fixed Layout invoice shall exactly reflect

the contents of the export declaration without arbitrary modification by the exporter. Therefore, the portion that was automatically filled up with the information from the declaration should be blocked from any further correction.

Chart-2 shows the above flow.

Chart-2



6. The Operation of Fixed Layout

(1) Fixed layout, implemented in service providers' system

In order to operate the Fixed Layout, it is necessary to implement it in some operating systems. Most probably, the best option is in the systems of Service Providers that may be located at the forefront of the customs system. There are various reasons for this, such as (a) Service Providers will receive customs declarations from applicants, while the Fixed Layout invoice will be produced automatically from that declaration; (b) The Service Provider may be a member of a cross-border regional agreement on paperless trade, such

as PAA. This type of international network, to transfer data message B to B under the protection of the binding rules, is indispensable for operating the Fixed Layout invoice; (c) The cost for developing a Fixed Layout module can be shared among service providers and it is not expensive; (d) Service providers may add the Fixed Layout to their service as new menu. In view of its supposed installation and operating cost, the fee may be sufficiently low to attract users and that will cultivate new markets. Such a sustainable mechanism is important to maintain the Fixed Layout service.

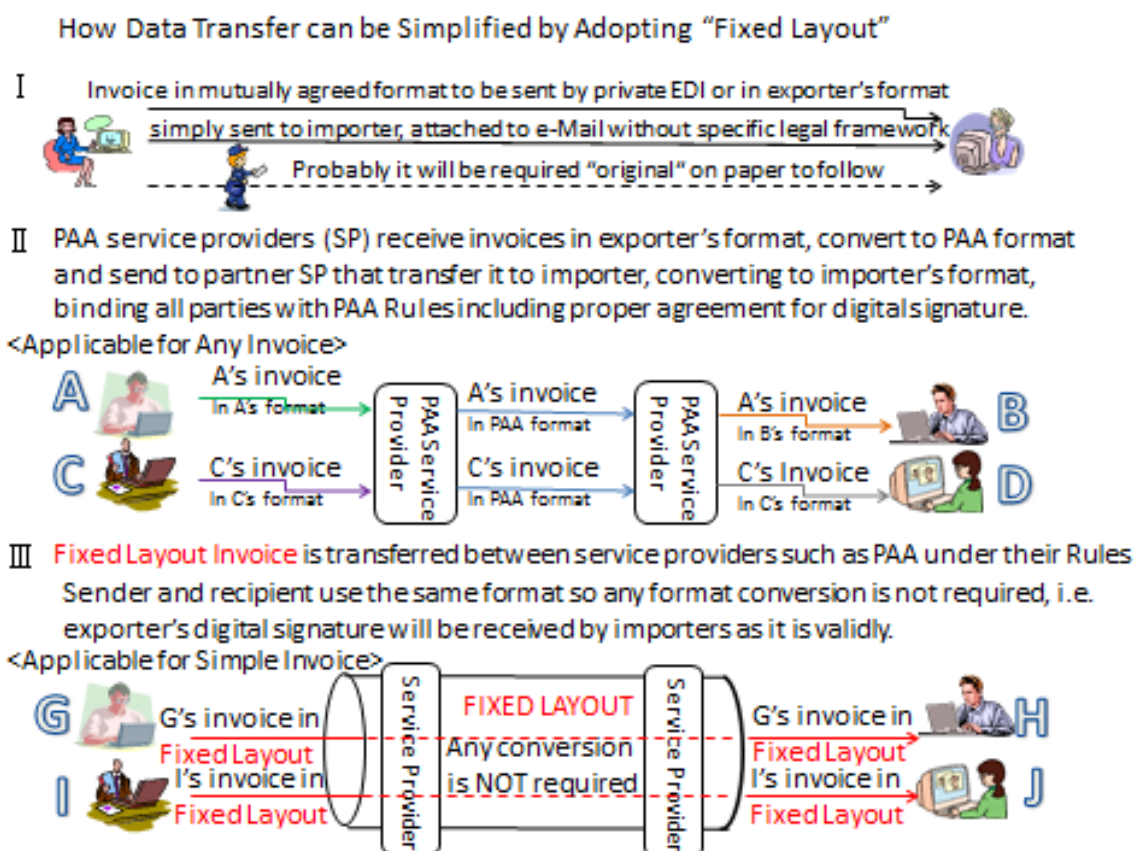
(2) No format conversion is required

Each column of the Fixed Layout will be completed with the respective data of each case; however, the format itself is absolutely common for all its users. Therefore, no format conversion is required throughout from the exporter to importer and even to customs. This is advantageous when a digital signature is required. (The digital signature is broken when conversion is applied. If format conversion is foreseen, the consequent fragility should be reinforced by suitable stipulation in the respective agreement.)

Chart-3 shows the characteristics of the following 3 flows:

- (1) Conventional flow of private invoice
Basically some printed originals are required.
- (2) PAA concept for cross-border data transfer
Users' proper Invoice formats and PAA standard format are used with conversion service.
- (3) Fixed Layout concept by which all invoices are in the same format. Sender (exporter) and Recipient (importer) use the same format (Fixed Layout) so Service Providers just transfer invoices without conversion, furnishing protection to both sender and recipient by binding rules

Chart-3 Different flows for conventional, PAA and Fixed Layout transfer.



7. Introducing the "Cloud" Method

When the cloud system is applied, the process for handling the Fixed Layout is simplified. "Sending" is replaced by uploading, and "receiving" by downloading. The users upload and download data of each case together with the Fixed Layout format stored in the cloud. There is no concept of horizontal transmission of data. However, the cross-border commercial transaction is not a simple communication. The commercial rights and obligations shall be protected legally and therefore, the operator of the cloud, such as some international organizations, shall be neutral and impartial, and collective rules shall be agreed globally.

Valid preparation will be indispensable to apply the cloud to the paperless trade.

8. Probable Advantages of the Fixed Layout

(1) For customs

Validation of received customs declarations may be one of the most sensitive tasks for customs. In the case of importing, apart from the security trade control, the customs of some states are keen to evaluate the practical value of imported goods. On the other hand, once Fixed Layout is realized, the customs of every state will be familiar with it, because they should have been consulted at the stage of its creation. Therefore, if the Fixed Layout invoice is sent directly to customs from the exporting state, the customs of the importing state may be able to handle it effectively for their validation procedure. If customs appreciate such collaboration of the exporter and importer and offer some incentive such as classifying the case preferentially as Green Line (clearance without inspection of document or on goods), lawful exporters and importers may be willing to agree to the Fixed Layout invoice being sent by Service Providers of the exporting state to customs of the importing state, and enjoy the above incentive in return.

(2) For exporters and importers

a) Once exporters and importers learn that paperless trade is available simply by adopting Fixed Layout, saving time in creating their own invoice formats, many of them will consider sidestepping heavy paper works for documentation.

b) They may have the opportunity to enjoy the possible incentive that customs may provide as described in (1) above.

c) The exporter is the absolute origin of information on loaded goods. Therefore, they have to create the respective invoice anyway. Printing it out and sending to the importer is the simplest method. Sending in PDF format is also possible but the original on paper shall be followed in general. EDI will be applicable when the exporter and importer have a specific transaction system.

The Fixed Layout invoice is also expected to be transferred on EDI, but without requiring a particular transaction system, because the Fixed Layout may be a part of the service providers' integrated service including the data

transfer network under the protection of global rules, and the Fixed Layout is a standardized format in the region. Therefore, no further adjustment is required between the exporter (sender) and importer (recipient).

d) For those large exporters and importers with sufficient resources to invest in paperless trade, they may prefer the convenience of using a perfectly customized format of the invoice instead of adopting the ready-made restrictive standardized format. However, the Fixed Layout will be suitable for smaller entities where the transactions may be small in number for each case, but the overall number of cases may not be so small in the region. In any case, the purpose of the Fixed Layout is to broaden the application of e-Invoice and paperless trade as well.

(3) For customs brokers or declaration agents

Currently, as there is no standardized invoice format, the invoices that the customs brokers or declaration agents receive from the exporter have different formats in each case. Therefore, at the time of declaration, they are obliged to transcribe the contents of invoices item by item into the declaration formats. If the invoices have the same standardized fixed layout, a mechanical method for transcribing data will be created, like they do for their big-volume customers.

(4) For service providers

a) A part of the business of service providers is to convert one format into another, and realize smooth data exchange between two parties with different formats. When sending and receiving users apply the Fixed Layout, no conversion of formats is required. This may sound disadvantageous for service providers. But in reality, the demand for creation or customization of a particular message format will never cease, and format conversion during data transfer will also continue for users of particular invoice formats. When the Fixed Layout method starts, the service providers will obtain different new users that they may not have otherwise been able to secure without implementation of the Fixed Layout, in return for the minimal investment. The Fixed Layout is, without doubt, a new menu to create a new market for service providers.

b) Service Providers may diversify the method of marketing for the Fixed Layout, as if providing consumer items. Currently service providers provide relatively sophisticated services to clients who have critical needs for the electronic business. Therefore, it might be necessary to wait for the approach from the clients and make individual proposals that comply with the requirements and then again to wait for their decision to implement them. But in the case of Fixed Layout, the target-market may be all exporters including SME, to whom the active campaign from the service provider side will work efficiently, including the use of publicity.

This type of standardized e-Invoice, originated based on the customs declaration of various states, does not yet exist. Therefore, currently, the Fixed Layout has no recognition in the market whatsoever. However, it will undoubtedly attain a certain level of demand once it becomes widely known in the market and its advantages are acknowledged by the interested parties.