

Fines and Fraud

The Dangers of Sending Invoices By Email

Large and small businesses alike are making the same incorrect assumption that sending invoices by insecure email attachment is safe and legally sound. It's not.

Used correctly, the process of exchanging invoices over the Internet (Electronic Invoicing) can benefit your company by dramatically cutting costs and improving efficiencies. However, "electronic" does not necessarily mean sending documents by unprotected email and, as this article hopes to point out, there are many dangers and legal implications for using this particular method of delivery.

Why Email is Inappropriate for Invoices

Invoices sent by email attachment that are not signed or protected in any other way leave your company wide open to security threats such as viruses, fraud and tampering. Falling victim to any of these potential security attacks would be devastating and could cost your company millions. If you currently send your invoices in this way, ask yourself the following questions;

- **How do you know your invoices are delivered?**
Due to the way an email is sent there is no guarantee that it will be delivered successfully, or even to the correct person. Also, software used to extract invoices automatically to be sent out by email can encounter problems with spam and virus filters, resulting in bounced or lost documents.
- **How do you know if your invoices have been tampered with?**
Emails are usually 'bounced' via multiple service providers before arriving at their destination and are therefore vulnerable to tampering at many stages during their journey. Unprotected invoices sent by email attachment can be easily accessed, with no indication that they have been opened or tampered with.
- **How do you stop someone sending out false invoices from your company?**
Unprotected invoices sent out by email can easily be intercepted and copied. How would you feel if an organisation claiming to be you sent out thousands of company-branded invoices to random email addresses worldwide? The disruption to businesses and the effect it would have on your company reputation could be catastrophic.

- **How do you protect yourself against viruses?**

By using your email package to send invoices you and your customers are vulnerable to virus attacks. Imagine a virus penetrating your email package and sending contaminated messages, perhaps even copies of your invoices, to all members in your contacts list. The resulting damage to valuable business relationships could prove very costly indeed.

- **How useful are email invoices to your customers?**

Sending invoices by email attachment may save you time and money but it offers no real benefit for customers. They still have to manually enter all the data into their financial package, and process the invoice as if it were a paper one.

E-invoices and The Law

There are also Tax Office requirements to consider. Across most European countries, invoices sent by unprotected email attachment are not VAT compliant. The main reason for this is that they are not digitally signed. Digital signatures are the equivalent of a hand-written signature and are currently the most secure and reliable way of protecting and authenticating invoices sent electronically over the Internet. Whilst unprotected invoices sent by email attachment can be opened, tampered with and even forged without detection, documents that are digitally signed are practically impossible to breach. Also, following the recent implementation of Tax Notice 700/63 (UK Notice on E-Invoicing 2004/2005) both suppliers and customers can be penalised for issuing and receiving non-compliant electronic invoices. For example customers may not be able to claim VAT back on non-compliant e-invoices received. Suppliers may also have to pay a fine for non-compliant e-invoices sent.

Use a VAT Recognised Solution

E-invoicing is perfectly safe, as long as implementation is carried out responsibly. To take advantage of the Internet for invoicing you should use a VAT recognised EIPP (Electronic Invoicing Presentment and Payment) solution to do so. EIPP solutions integrate with your existing systems enabling you to send, receive and process invoices using the Internet. Vendors employ a combination of secure technologies including digital signatures, SSL certificates and secure communication protocols (e.g. ebXML) to protect data during transmission and storage. It is their role to ensure that all certificates are up-to-date and that your e-invoices satisfy regulatory mandates. Using an EIPP system eliminates all of the potential risks associated with insecure email delivery and provides both the infrastructure and trusted network your company needs to safely exchange information with trading partners;

- **You know your invoices have been delivered.**

EIPP systems show you the status of every invoice in real-time. You know when they have been delivered, viewed, queried, approved and paid. You also know that they have been delivered to the correct person.

- **You know your invoices have not been tampered with.**
As described above, EIPP systems operate a secure network for the transmission and storage of information. They utilise a powerful combination of security measures to ensure the safety of all document data. It is impossible for an invoice to be tampered with undetected.
- **No one can send out false invoices from your company.**
When using an EIPP system all your invoices are presented to customers via a secure company branded website and all invoices are digitally signed using your company's unique certificate.
- **You are protected against viruses.**
With EIPP systems, invoices are not "delivered" by email they are created online for customers to view via a secure Website. By not involving your email package in the delivery process you eliminate the risk of a virus attack. The only email your customer will receive is one notifying them that a new invoice is available for viewing online.
- **Invoices presented online are ideal for customers.**
By using an EIPP system customers can download invoice data in multiple formats and import it into a finance system, if required. This eliminates manual data entry, which takes time and can be prone to errors.

Your Next Step to Compliancy

If you currently send your invoices by email attachment and do not protect them in any way then you need to rethink your current strategy. End-to-end EIPP solutions offer benefits that go beyond simple document delivery; faster query resolution, reduced days sales outstanding and improved cash-flow management to name but a few. Compliant EIPP systems are available now for small and large businesses and deployment can be quick and cost-effective. Talk to your Tax office now for advice and contact a recognised EIPP vendor for more information.

More Information

Accountis provides secure financial document exchange and payment systems to companies globally. With state of the art security, the Accountis system provides all the functionality of an EIPP solution with the additional benefits of being able to manage, present and receive financial documents such as quotes, purchase orders, invoices, statements and manage the payments associated with these documents. The trusted Accountis platform is compliant with relevant legislation worldwide to facilitate smooth cross-border trading. Processing over 1 million transactions every day, Accountis is used by many of the world's largest corporations to leverage existing systems and maximise efficiencies across the financial supply chain.

Telephone: 0845 120 8050 | Email: sales@accountis.com | Web: www.accountis.com