The Future of Invoicing Is Here: Inside Australia's Shift to Peppol: Insights from the ATO

With Karen Lay-Brew, Strategic Advisor to the ATO on eInvoicing – part of Australia's Digital Business Plan

EInvoicing might sound like a technical shift, but it marks a profound transformation in the way businesses operate, connect and grow. In Australia, this transformation began not with policy but with industry. Around 2015, leaders in finance and technology saw an opportunity to improve how businesses exchange invoices — saving time, reducing errors, and preventing fraud.

At the heart of this shift is the adoption of Peppol, a global framework for eInvoicing and document exchange. What began as a European initiative has become the backbone of trusted digital trade across the world, including here in Australia.

To understand why Peppol was chosen, what it means in practice, and where eInvoicing is headed, we sat down with Karen Lay-Brew, a key figure in the rollout of eInvoicing in Australia. Drawing on her experience and leadership, she shares what's driving this change — and what finance leaders need to know now to prepare for what's next.

Peppol: A Proven Global Standard

Australia's journey with eInvoicing didn't begin with legislation - it began with industry. Around 2015, forward-thinking Australian businesses started exploring how to streamline their invoicing processes. At the time, Peppol had already gained traction across Europe as a trusted international framework for exchanging financial documents securely and efficiently. Its success overseas made it a natural model to consider.

"Peppol offered a consistent, proven, and scalable approach to eInvoicing that could be implemented across the economy," says Karen Lay-Brew, who has been closely involved in Australia's eInvoicing rollout. She explains that Peppol was developed in the wake of the European Union's formation to provide a standardised way for businesses and governments to communicate. "It was created to support the exchange of financial data and business documents between member states," she adds.

As confidence in Peppol grew, the Australian Government launched a formal review in 2018 to assess its suitability for nationwide adoption. That review confirmed what industry had already seen: Peppol was not just functional, but forward-compatible - a framework with the flexibility and reach needed to support a modern, digital economy.
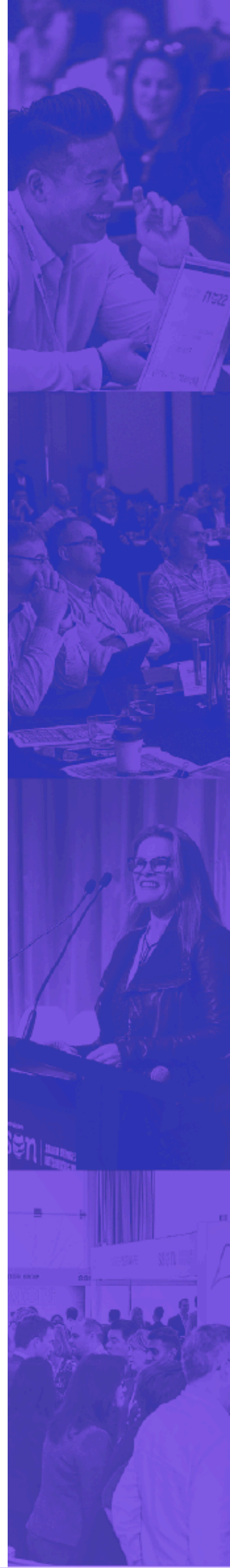
Following this, Australia joined a growing list of countries adopting Peppol and became one of only 11 jurisdictions at the time to be designated a Peppol Authority. These authorities – typically government bodies – are responsible for managing the standard within their regions, ensuring compliance with legal and technical frameworks and overseeing the organisations that use it. Today, there are 23 Peppol Authorities globally, underscoring the model's growing influence.

Peppol's strength lies in its interoperability – something Karen sees as essential for scale and trust. "Businesses connect to the Peppol network once and can then exchange eInvoices seamlessly across the entire ecosystem," she says. Unlike closed systems that only allow transactions between users of the same platform, Peppol is designed to be open. It enables connections between different software systems and providers, ensuring businesses are not locked into a single vendor or format.

Its adoption is also accelerating beyond Europe. "Peppol is now used in the Asia-Pacific region – including Australia, New Zealand, Singapore, Japan and Malaysia – as well as countries in the Middle East like the UAE," Karen notes. It's this global reach, coupled with proven success, that gives Peppol its edge. "It's not a new or untested standard," she emphasises. "It's a mature, open network."

By choosing Peppol, Australia didn't try to reinvent the wheel – it joined a well-established, scalable, and future-focused ecosystem. This alignment with global practice ensures that Australian businesses can connect more easily with international partners and operate with greater efficiency and certainty in a fast-changing digital world.

Global Trends Driving EInvoicing

While eInvoicing may seem like a technical or administrative upgrade, Karen Lay-Brew stresses that its value lies in something much broader – its role in transforming productivity and enabling smarter financial systems. "**While invoicing on its own may sound unexciting, its true value lies in the productivity it enables**," she says. "**It brings clarity, integrity, and privacy to financial data, helping to shape the future of finance**."

This transformation is part of a larger global shift, with governments and tax authorities worldwide seeking to streamline their economies through digital infrastructure. Karen points to the OECD's Tax Administration 3.0 programme as a key influence. "**In Australia, we view Tax Administration 3.0 as an ongoing journey to simplify and automate tax processes,**" she explains. "We've moved from paper receipts to digital forms, and now to systems where many processes simply happen automatically."

EInvoicing can play a foundational role in that progression. When accurate, real-time data is available through connected systems, it becomes easier for organisations to manage taxation, reporting, and reduce their overall compliance requirements – without the inefficiencies of manual intervention. "High-quality data means you can be more efficient, more responsive, and better informed," Karen notes.
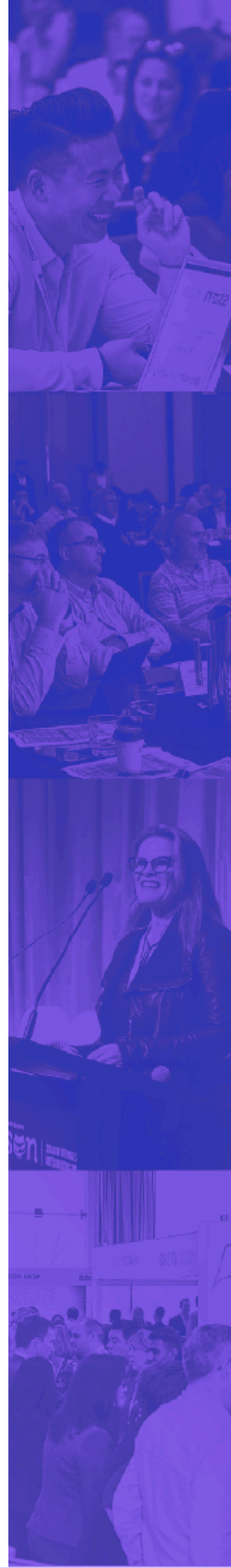
This isn't a shift happening in isolation. Across the world, countries are implementing mandates to accelerate digital transformation. "In Europe, the VAT in the Digital Age initiative requires all EU member countries to adopt mandatory eInvoicing and near real-time data reporting by 2030. Many countries have already begun mandating business-to-business eInvoicing," she says. These efforts are designed to reduce tax leakage, eliminate fraud, and streamline government revenue collection.

Closer to home, Karen highlights how the Asia-Pacific region is also moving quickly. "Malaysia introduced mandatory e-reporting last August, and Singapore plans to mandate business-to-government eInvoicing early next year, following a period of voluntary participation. New Zealand is expected to follow suit."

Australia, while taking a more measured approach, is quietly laying the groundwork for broader adoption. "There is a quiet rollout of a business-to-government einvoicing mandate. Many suppliers to government will soon be sending electronic invoices, with a soft launch already underway," she says.

Taken together, these developments reflect a global trend: automation is no longer optional – it's becoming the default. And while eInvoicing might seem like a narrow piece of the puzzle, Karen explains that it sits within a broader digital procurement framework. "It's not just about invoices. EInvoicing connects to purchase orders, credit notes, shipping notices, and more – automating functions across departments."

For finance leaders, the message is clear. EInvoicing is not just a compliance tool. It's a strategic enabler of transparency, speed, and trust — qualities that will define success in the decade ahead.

Looking Ahead: What Success Looks Like

As eInvoicing gains momentum, the question on many leaders' minds is: what does success look like? For Karen Lay-Brew, the answer is both practical and visionary – grounded in the reality of where we are today, but optimistic about the potential ahead.

"Realistically, 2030 is not far away," she says. "So far, Australia's uptake of eInvoicing has been voluntary, but in other countries, widespread adoption only occurred once governments mandated it." While Australia has focused on encouraging adoption through education and engagement, the next step may need to involve firmer policy direction. Karen is hopeful: "I'd like to see a business-to-business mandate follow the current business-to-government requirement. But ultimately, that's a decision for government."

Still, the foundations are already in place. The infrastructure exists. The standards are proven. And the benefits are increasingly clear.

Karen outlines a simple but powerful vision: "Ideally, all businesses would be using eInvoicing. This doesn't mean asking companies with existing EDI systems to abandon them – they've already invested in effective digital solutions. But for those still relying on emails, PDFs or manual data entry, eInvoicing should become the new normal."
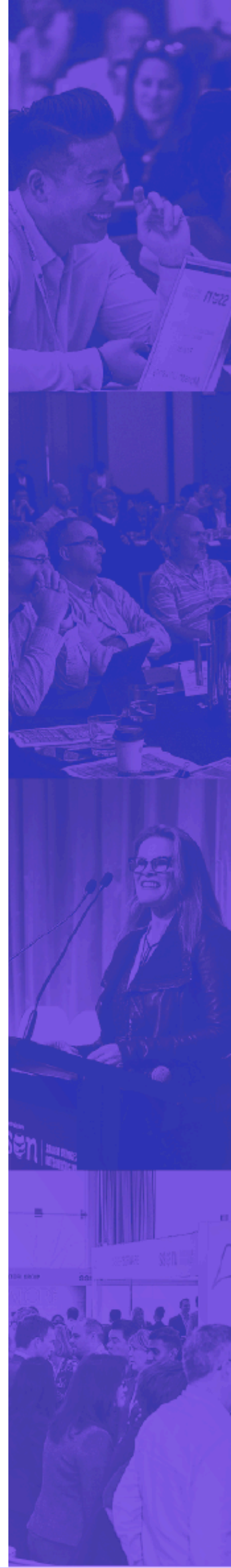
She believes widespread use would significantly reduce errors and delays in payments and help mitigate growing threats like email fraud. "If many small businesses adopt eInvoicing, they will reduce risks of email fraud and scams, which have caused some to fail," she explains. In this vision, large organisations have a vital role to play. "Small businesses trust and follow their lead," Karen notes.

But perhaps the most compelling image of success is also the most mundane – and that's the point. "In a successful future, invoicing will no longer be a topic of concern," Karen says. "It will simply be embedded in business software, working seamlessly between large and small businesses. There will be no more 'Where is my invoice?' or 'Why haven't you paid me?' disputes."

For Karen, that future isn't about technology for its own sake. It's about removing friction from everyday business operations – making transactions faster, more secure, and more reliable. "That's the vision I have for eInvoicing," she concludes. "It becomes invisible – just another tool that helps businesses run better."

Practical Advice for Businesses

Adopting eInvoicing might sound daunting, but Karen Lay-Brew emphasises that it's often simpler and more accessible than many businesses realise. She advises starting the journey by having a straightforward conversation with your software provider. "The first step is to ask, 'I'm interested in eInvoicing. How do you support it? What do I need to do?'"
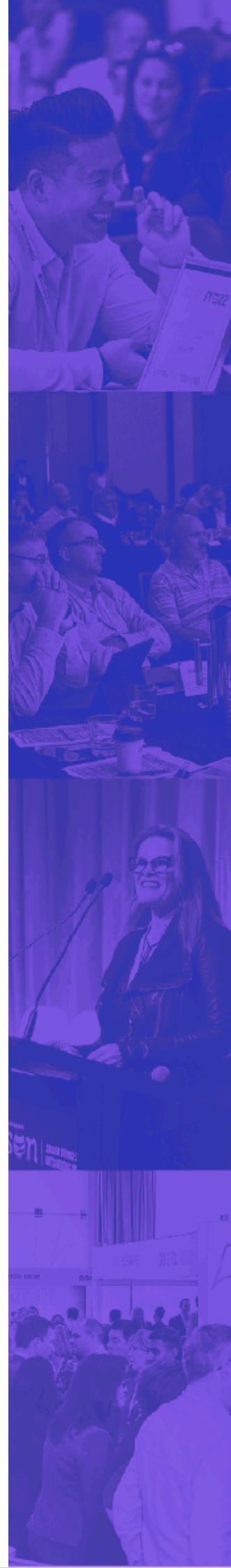
For many small businesses, the good news is that eInvoicing capability is likely already built into the accounting software they use every day. Karen points out, "Software like Reckon, MYOB, and Xero often just require a couple of clicks to switch from sending invoices by email or PDF to sending them securely through the Peppol network." This means small businesses can begin reaping the benefits without a major overhaul or extra costs.

Cost is a common concern, but Karen assures it's manageable: "EInvoicing is a low-cost option – nothing like the expense or complexity of rolling out a full ERP system." For small businesses, this makes eInvoicing an easy win, improving efficiency without breaking the bank.

Large businesses face more complexity. Many operate multiple finance systems or have custom-built solutions that need to connect with the Peppol network. Karen explains that many well-known ERP providers have already integrated Peppol connectivity or partnered with experts to assist. "For others, there are accredited access points – think of them like telecommunications providers – that can connect your existing software to the Peppol network, so you don't have to rip and replace your systems."

This layered approach means businesses don't have to start from scratch or commit to expensive new software immediately. Instead, they can take measured steps towards full eInvoicing adoption, tailored to their size and technical setup.

Karen sums it up simply: "With around 420,000 small businesses and large enterprises already connected to the Peppol network in Australia, the technology is here and ready. It's just a matter of businesses taking that first step – and often, they already have."

Addressing Misconceptions

Despite its growing adoption, eInvoicing still faces several misconceptions that can create hesitation or confusion among businesses. Karen Lay-Brew highlights that one of the most persistent concerns relates to privacy and data security. Because the Peppol Authority sits within the Australian Taxation Office (ATO), many assume that the ATO can access or view their invoicing data. "This couldn't be further from the truth," Karen assures. "The ATO does not hold or view invoicing data, and any government access would require new legislation along with strict safeguards before it could even be considered."

Beyond privacy, there is often confusion about what actually qualifies as eInvoicing. Many businesses mistakenly believe that simply emailing PDFs counts as eInvoicing. Karen explains why this is not the case: "Sending a PDF via email is just the digital version of a paper invoice. It lacks the automation and security benefits of true eInvoicing." This misunderstanding can make the idea of switching to eInvoicing feel more complex or unnecessary than it actually is.

Another area where confusion arises is around Electronic Data Interchange (EDI). While EDI is a well-established and efficient method for exchanging invoices, it is typically expensive to implement and maintain, making it less accessible for small and medium businesses. Karen clarifies that "EDI is not the same as Peppol eInvoicing. We're not asking businesses who already use EDI to abandon it, but we also don't recommend new EDI implementations, especially to smaller businesses, because of the cost and complexity involved for all who many wish to participate."

Adding to this, some software providers offer what Karen calls "third-party closed networks." These networks allow businesses to transact electronically, but only within a closed group of users. This lack of interoperability means that companies outside that network may face additional costs or barriers to exchanging invoices, which limits the true benefits of eInvoicing. "These closed networks are not considered genuine eInvoicing systems," she points out.
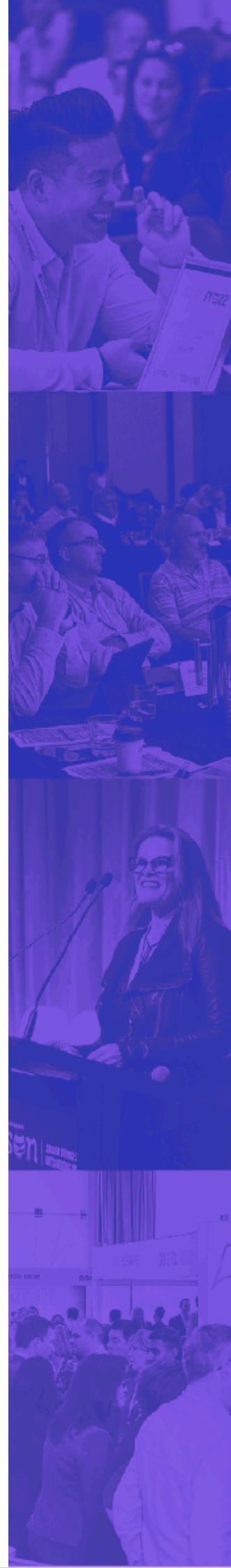
Finally, cost is often raised as a barrier. While the technology itself is generally affordable, Karen emphasises that the real value of eInvoicing depends on a business having effective internal processes to fully leverage it. "EInvoicing does not force process changes, but good processes are essential to maximise benefits," she says.

Fortunately, many use cases already demonstrate significant cost savings for those who adopt it properly, and the market is beginning to offer more transparent pricing, making it easier for businesses to plan their investments.

Conclusion

Karen Lay-Brew's reflections reveal a clear and grounded roadmap for Australia's eInvoicing journey – one rooted in global best practice, shaped by real business needs, and focused on long-term productivity.

The move to Peppol was never about introducing complexity. Instead, it's about simplifying how businesses interact, eliminating inefficiencies, and building trust into the foundations of trade. From improved data quality and reduced payment delays to better fraud protection and international interoperability, the benefits are compelling, and importantly, achievable.

But as Karen highlights, success will depend not just on systems, but on mindsets. That means embracing automation as a tool for efficiency, not a burden. It means looking beyond PDFs and email to more secure, integrated solutions. And it means seeing eInvoicing not as a standalone task, but as a vital part of building a more connected and productive economy.

With tools already available and systems quietly in place, the next step is one of awareness and adoption. For finance leaders, that means asking the right questions, guiding teams through change, and staying attuned to both local and global trends - because the future of invoicing isn't just digital, it's already here.

To explore this further and hear directly from the voices leading this transformation, join us at the Future of Finance Summit, where eInvoicing, productivity, and finance innovation will be front and centre.

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