

# Updating accounting policies to incorporate E-invoicing: key changes and best practices 2/14/25



Senior Consultant, Tax Reporting,  
Accounting and Strategy, PwC Latvia  
Līga Januša-Pleskovska



Senior Manager, Tax Reporting, Accounting  
and Strategy, PwC Latvia  
Juris Boiko

In today's rapidly evolving digital landscape, many companies are adopting e-invoicing to enhance their accounting processes and boost efficiency. However, for e-invoicing to be effective, accounting policies must be updated to clearly define the new procedures and requirements. This article explores the key considerations when updating accounting policies to integrate e-invoicing effectively.

## 1. Compliance with laws and regulations, and legal considerations

As e-invoicing is subject to both domestic and international regulations, accounting policies should reflect the following aspects:

- *Comprehensive review of the legal framework:* The company's accounting policy should cover a comprehensive overview of the legal framework for e-invoicing. This includes both local and European Union legislation on mandatory e-invoicing formats and reporting requirements.
- *Compliance with the data protection legislation:* All e-invoicing must be processed and stored under data protection rules, such as the General Data Protection Regulation (GDPR). This is essential to protect the personal data of customers and counterparties against unauthorised access and processing.

## 2. Standardisation and compatibility of invoice formats with systems

To ensure the efficient implementation of e-invoicing and seamless integration between different systems, companies must establish clear rules and guidelines in their accounting policies. Additionally, they should provide detailed information on the supplementary systems involved in e-invoicing and processing. The following aspects should be considered in this context:

- *Accepted e-invoicing formats:* Accounting policy should justify that the e-invoicing format that will be used in the company complies with the national standard of Latvia.
- *Compatibility with electronic data exchange (EDI) systems:* Procedures ensuring compatibility with EDI systems should facilitate the smooth flow of data between economic operators, suppliers and customers. EDI systems automate data exchange and reduce the presence of manual errors, so accounting policies should include requirements for e-invoicing to be compatible with these systems.
- *Integration guidelines with ERP systems:* To effectively integrate e-invoicing into enterprise resource planning ("ERP") systems, detailed guidelines must be provided. These should be included in accounting policies, and e-invoicing solutions should be fully integrated into ECA systems to optimise accounting and financial processes, improving the accuracy and availability of data.

## 3. Digital validation and processing workflows

For the automation of e-invoicing validation and processing, accounting policies should define:

- *Processing and validating digital workflows:* In the context of e-invoicing, it is important to create digital workflows that automate invoice verification and validation.
- *Automation processes for invoice reconciliation:* Automation processes such as tripartite reconciliation, in which invoices are compared with purchase orders and delivery documents, should be introduced to ensure accurate and expeditious processing of invoices.
- *Clearly defined roles and responsibilities:* For e-invoicing to be processed efficiently and promptly, all stakeholders should have clearly defined roles and responsibilities.

#### 4. Invoice archiving, data storage and security measures

In order to keep e-invoices safe and in line with regulatory requirements, it is important to explain in the accounting policy how e-invoice archiving, data storage and security measures will be ensured in the future by introducing e-invoices.

- *Data retention periods and requirements:* The company's accounting policies should clearly define data retention periods consistent with domestic and international regulations.
- *Secure archiving solutions:* choose secure digital storage solutions, such as cloud computing platforms that offer controlled access and data encryption. Such solutions protect against data loss and unauthorised access while ensuring that e-invoices are easily accessible to authorised persons.
- *Provision of information in the audit/audit process:* Procedures should be developed to ensure the rapid and effective availability of e-invoices in tax audits and financial statement audits.

#### 5. Automated reconciliation of invoices and more reliable financial statements

E-invoicing integration affects the company's financial reconciliation and reporting processes. To ensure transparent and accurate financial management, it is necessary to update the accounting policy to include the following aspects:

- *Automated reconciliation procedures:* Companies must put in place procedures to accurately reconcile e-invoices with accounting records and information presented in tax returns.
- *Real-time reporting requirements:* Tax authorities are increasingly demanding real-time financial data reporting, including e-invoicing. Enterprise systems should be able to generate and transmit the required reports on demand within the specified deadlines.
- *Adjustments to financial reporting information:* The introduction of e-invoicing also affects the preparation of the company's financial statements. Financial statements should accurately reflect all transactions related to e-invoicing. This may require reviewing the format and structure of existing reports to include new e-invoice data fields or categories.

The implementation of e-invoicing requires a thorough review and adjustment of accounting policies to clearly define how e-invoices are processed, transmitted, and validated within the company. By evaluating compliance with relevant laws and regulations, as well as ensuring standardization, automation, data security, and fraud prevention, companies can maximize the benefits of e-invoicing while safeguarding financial integrity.