Navigating E-Invoicing Compliance in LATAM:
Key Considerations for US-Based Multinationals

For US-based multinational companies with operations in Latin America (LATAM), e-invoicing compliance is not just a regulatory necessity—it's a strategic imperative. Latin America has led the world in implementing comprehensive e-invoicing and tax reporting requirements, making compliance in the region uniquely complex. Countries such as Brazil, Mexico, Chile, and Argentina have pioneered mandatory e-invoicing and Continuous Transaction Controls (CTCs), where governments require real-time access to transaction data to ensure accurate tax reporting.

Compliance Complexity in LATAM

Each country in LATAM has specific e-invoicing mandates, creating a challenging landscape for businesses operating across multiple jurisdictions. For example, Brazil's Nota Fiscal system and Mexico's CFDI framework demand real-time reporting and validation of invoices through government platforms. These mandates include strict rules on formatting, digital signatures, and government approval before invoicing, which differ significantly from one country to another.

The regulatory environment is dynamic, with constant updates and adjustments to e-invoicing rules. Staying compliant requires continuous monitoring of these changes and ensuring that your systems can adapt quickly. The cost of non-compliance can be severe, including heavy fines, business disruptions, and even operational shutdowns.

Multinational companies often struggle with several key compliance challenges in LATAM:

1. **Inadequate ERP Integration:** Companies must ensure their ERPs are equipped to handle LATAM-specific e-invoicing requirements.

2. **Manual Data Entry:** Manual processes are prone to errors and inefficiencies. Automated solutions that can seamlessly import and validate supplier invoices in compliance with local regulations are crucial for reducing risks.

3. **Overlooking Data Reconciliation:** Ensuring that transactional data aligns with what has been reported to tax authorities is critical. Failure to reconcile can lead to discrepancies, triggering audits and penalties.

4. **Lack of Archiving and Documentation:** Maintaining proper records of e-invoices and their validation statuses is mandatory in many LATAM countries. Companies should implement robust archiving solutions to meet these requirements and avoid penalties during audits.

LATAM's e-invoicing mandates present significant challenges for US-based multinational companies. However, with the right strategies and technology, businesses can not only achieve compliance but also streamline their operations and reduce costs. By proactively addressing compliance risks and leveraging expert solutions, companies can ensure smooth operations in one of the world's most complex regulatory environments.

The right partners to help you navigate global e-invoicing mandates

If you're like other global organizations, keeping up with e-invoicing mandates is a constant challenge. In partnering with KPMG LLP, we're making this process a whole lot easier wherever you do business.

By combining KPMG's experienced tax professionals with Sovos' automated 360-degree compliance platform covering more than 60 countries, we can handle all your global e-invoicing and digital reporting obligations globally.

Benefits to working with Sovos and KPMG

• An automated, streamlined e-invoicing process that meets evolving regulations

• A single, out-of-the-box solution to reduce invoicing complexity

• The ability to re-purpose resources on global expansion and revenue-generating business initiatives

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