



Paving the way for Canada's **digital economy**

How e-invoicing can boost productivity, competitiveness and trade



Canada has set ambitious goals: higher productivity, stronger growth, more competitive small and medium-sized businesses (SMEs), increased exports beyond the U.S. and faster adoption of artificial intelligence (AI). Yet the financial infrastructure that underpins those goals remains largely manual. The vast majority of Canadian businesses still send invoices as PDFs or emails that require manual processing by the recipient, a process that slows payment, increases fraud risk and limits the data needed for automation and AI.

New research for Sage, based on a survey of 2,002 Canadian businesses, shows the benefits of moving invoices to a structured digital format: faster payment, fewer errors and reduced exposure to fraud. Sage's modelling estimates the potential economic value at up to C\$82 billion annually. The cost of inaction is high, but so is the opportunity. With fewer than one in ten businesses reporting that they use e-invoicing today, the vast majority of that opportunity remains untapped.

THREE KEY FINDINGS

C\$82bn

value of time freed up a year if every business adopted it

Up to; a modelled estimate based on survey data. Method on page 7.

C\$21bn

in cash released from overdue invoices

Up to; a modelled estimate based on survey data. A one-off release of working capital from quicker payment.

4 days

sooner, on average, that businesses already using e-invoicing report being paid

Sage 2024 survey of adopters in Australia, Finland and Singapore.

What is **e-invoicing**?

IT IS...

Structured data, read by software

IT IS NOT...

PDF

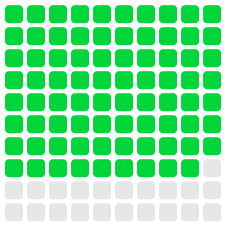
Scan

Typed email

An e-invoice is created, sent and received in a structured digital format that the buyer's software can read and process without anyone retyping it. A PDF, a scan or an invoice typed into an email does not qualify. Many markets, including Australia, New Zealand, Singapore and much of Europe, use **Peppol**, an international network and standard: a business connects once and can then exchange e-invoices with any other business on the network.

Manual invoicing is costing Canadian businesses time and cash, and exposing them to fraud

79%

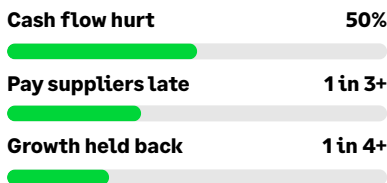


send invoices as PDFs or emails processed by hand

Most Canadian businesses still send invoices that need manual processing.

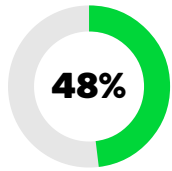
8 in 10 businesses (79%) send invoices as PDFs or emails that are processed manually, and three in four (76%) say their customers re-key the details on arrival. Three in four owners and senior leaders (74%) deal with invoice or payment problems at least once a month. In a small business, that is the founder's time, spent chasing paperwork rather than customers.

50%

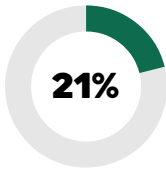


Late payment is draining cash and holding back growth.

Half of Canadian businesses (50%) say late payment hurts their cash flow, and the damage spreads down the supply chain: more than a third pay their own suppliers late as a result, and more than a quarter say it stops them investing in growth.



experienced invoice fraud



paid a fraudulent invoice

PDF invoices leave businesses exposed to fraud.

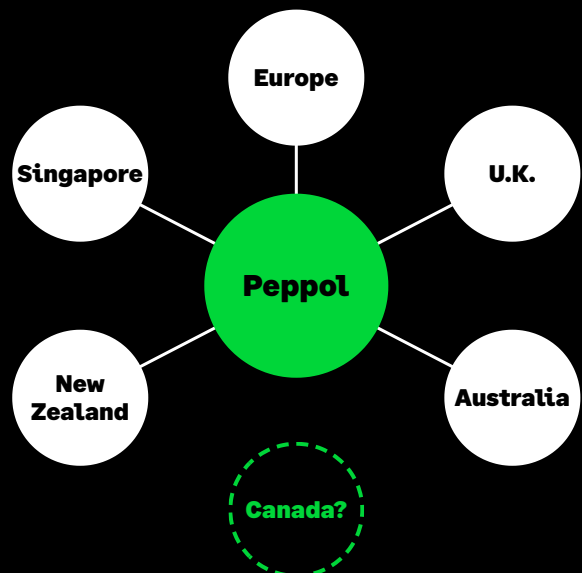
Nearly half of businesses (48%) have experienced invoice fraud, and one in five (21%) has paid a fraudulent invoice. Generative AI is making convincing fakes cheaper to produce, and a PDF relies on someone noticing that something is wrong. Structured e-invoices exchanged over a trusted network of verified participants can be validated automatically before payment, reducing the opportunity for fraudulent invoices to slip through.

AN ESTABLISHED MODEL: INTEROPERABILITY

Connect once, invoice anywhere on the network

Peppol, used across much of Europe and in the U.K., Australia, New Zealand and Singapore, shows what an interoperable framework looks like: a business connects once and can then exchange e-invoices with any other business on the network, at home or abroad.

Canada has yet to assess or adopt a common interoperability framework.



E-invoicing is foundational digital infrastructure for Canada's economic priorities

Productivity, SME cash flow, fraud and tax compliance, and trade all depend on the same thing: information that moves between businesses quickly, securely and in a form software can read.

THE FOUR KEY BENEFITS



Productivity

Statistics Canada puts labour productivity in Canada's business sector at 73% of the U.S. level, down from 83% in 2002, and the federal government's 2025 budget names weak productivity as one of the economy's central challenges. Every hour spent re-keying an invoice or chasing a payment is an hour taken from customers, products and growth, and across the economy those hours add up. Structured invoice data is also what automation and AI tools need to work: no tool can automate what it cannot read.



Trade and interoperability

Several of Canada's largest markets outside the U.S. are moving to mandatory structured e-invoicing. Among Canada's top 10 trading partners, China, Mexico, South Korea and Italy already require it, and the U.K., Germany and most of the rest of Europe are introducing mandates of their own over the next few years. A Canadian exporter without compatible e-invoicing could face additional costs and friction when selling into those markets, and will be a less convenient supplier than a competitor that has it. As the federal government pursues trade diversification, starting with the EU, aligning with the standards those markets already use is a practical way to keep Canadian exporters competitive.



SME competitiveness and cash flow

Small and medium-sized businesses are the backbone of the Canadian economy, and they bear the heaviest cost of manual invoicing because few have a finance team to absorb it. Faster payment and healthier cash flow matter most to them. Without a coordinated national approach, Canada risks a two-speed digital economy in which larger firms automate and smaller ones are left behind.



Fraud and compliance

Nearly half of Canadian businesses (48%) have run into invoice fraud, so protection is a priority in its own right. A structured e-invoice exchanged over a network of verified participants can be checked automatically before it is paid, which leaves far less room for a fake invoice to get through. The same structured data cuts paperwork for businesses and gives the CRA better and more timely information to support GST/HST compliance. Pairing e-invoicing with payment verification tools such as Confirmation of Payee, which checks that the account name matches the intended payee before money is sent, gives businesses a further safeguard against fraudulent payment requests.



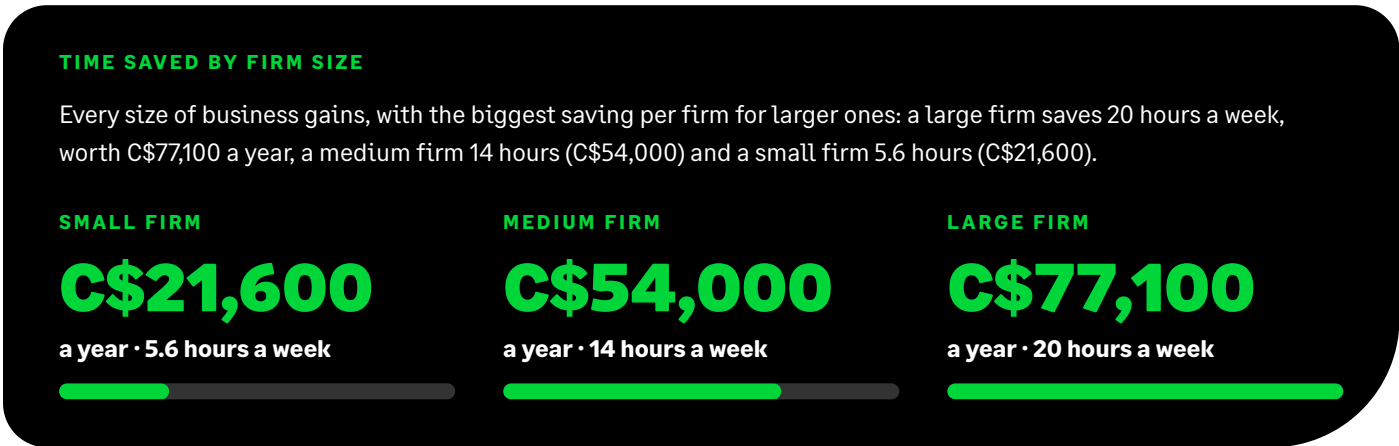
WHY NOW

A policy window is open

Canada is negotiating a digital trade agreement with the EU, its second-largest trading partner, at the same time as the EU and most of Canada's other major markets are moving to structured e-invoicing. An interoperable framework agreed now would give Canada a say in the standards its exporters will have to meet, rather than adopting them after the fact, and would let a Canadian business invoice a customer in Europe, Australia or another province from the same system.

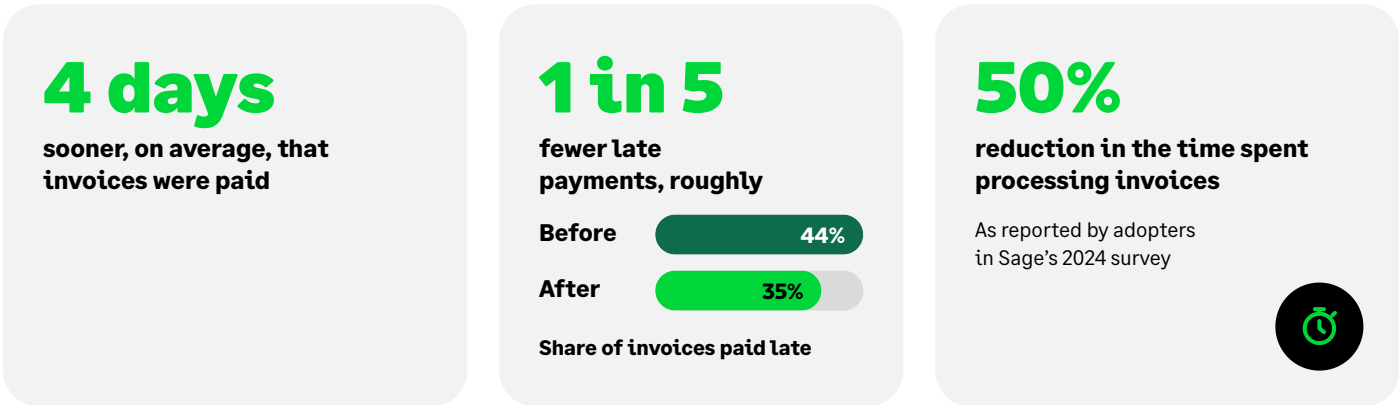
E-invoicing would free up cash, save time and raise productivity across the economy

The benefits reinforce one another: faster payment and healthier cash flow, less administration, fewer errors, less exposure to fraud, higher productivity and easier trade. Unlocking this potential across the economy represents up to C\$82 billion a year in freed-up time value and a one-off release of up to C\$21 billion in potential working capital from overdue invoices. The figures below are modelled estimates from Sage’s research; the method is set out on page 7.



Businesses that have switched are paid faster and spend less time on invoicing.

Among the adopters Sage surveyed in 2024 in Australia, Finland and Singapore, markets selected for high levels of e-invoicing:



90% of adopters went on to invest in other technology

E-invoicing is the gateway to wider digitalization.

In markets where e-invoicing is established, 9 in 10 adopters went on to invest in other technology and more than one in five (22%) invested in AI for financial tasks. Once invoices arrive as structured data, cash flow forecasting, fraud checks and automated compliance have something to work with.

€1.1bn in undue VAT credits flagged in Italy’s first year

Public bodies can gain significant insight and revenue.

Structured invoices give public bodies better and more timely data on economic activity, lower the cost of processing their own supplier invoices, make fraud harder and support GST/HST compliance. In the first year of Italy’s business-to-business mandate, its revenue agency reported that the system had flagged €1.1 billion in undue VAT credits.

Low awareness and the lack of a national framework are holding adoption back

Most businesses are not yet familiar with e-invoicing.

7%

say they use it

14%

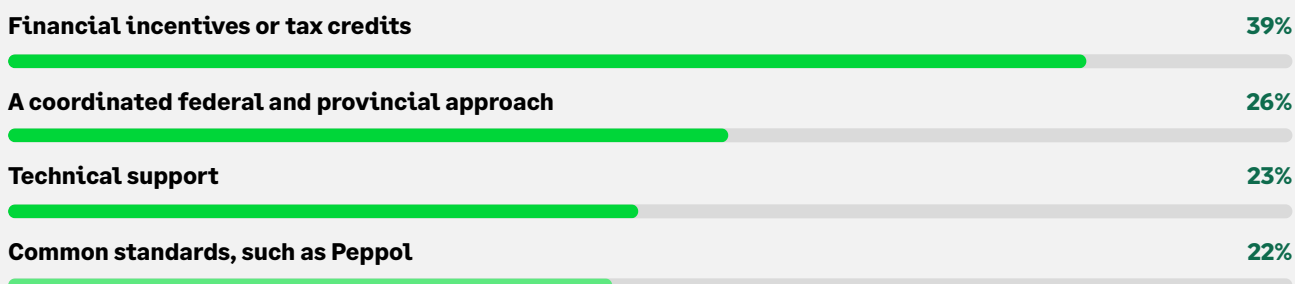
say they are familiar with it

42%

have never heard of it

Businesses know what would help

What would help businesses adopt e-invoicing, % of Canadian businesses



Canada has no national e-invoicing framework.

Work has begun: the CRA has studied e-invoicing for GST/HST compliance since 2021, and the federal government accepts e-invoices from its suppliers. But Canada still has no roadmap, no common interoperability framework and no clear implementation pathway. Without them, implementation costs for businesses are likely to be higher than they need to be.

Why this needs federal leadership.

If left to individual businesses, provinces or the market, requirements would likely differ from one jurisdiction to the next and a business selling across provincial lines would invoice differently in each, the opposite of the push to remove barriers to internal trade. The government's own estimates suggest that removing internal trade barriers could raise Canada's long-term real GDP by roughly 4% to 7%, or around C\$3,000 to C\$5,100 per person. And the federal government holds the levers: tax administration through the CRA, federal procurement, international trade agreements, interoperability and standards, and the convening of provinces and territories around a common approach.

Europe

Italy has mandated B2B e-invoicing since 2019. Belgium, Croatia, Poland and France followed in 2026, and Germany is phasing in its mandate between 2025 and 2028. Ireland and Spain are scheduled by 2028, and EU-wide ViDA rules apply from 2030.

Asia-Pacific

Singapore began a phased B2B mandate in November 2025; New Zealand mandates Peppol e-invoicing in government purchasing; Australia runs a Peppol network without a B2B mandate.

U.K.

Mandatory B2B e-invoicing from April 2029, with Peppol chosen as the framework.

Canada

Canada adopted UBL 2.1 as a national technical standard in 2017. However, it has yet to establish a coordinated national e-invoicing framework, including an interoperability approach, implementation roadmap and adoption timeline.

Other markets are establishing frameworks and timelines for e-invoicing. **Canada has yet to articulate a comparable national direction.**

The ask: a coordinated national e-invoicing framework

Sage's central ask is for the federal government to lead the development of a coordinated national e-invoicing framework: a roadmap, common interoperability standards, and a clear implementation pathway. Canada does not need to start from scratch; the standards exist and its trading partners already use them. The five steps below support that objective.

1

Inform the framework: launch a national consultation.

The federal government should convene industry and small businesses, the provinces and territories, the CRA, standards bodies such as the Standards Council of Canada, and technology providers to determine what an interoperable Canadian framework should look like. Peppol, used across much of Europe and in the U.K., Australia, New Zealand and Singapore, is an established international model Canada should assess.

2

Keep Canada interoperable: build alignment into the trade agenda.

Digital trade negotiations, starting with the EU, are an opportunity to commit to e-invoicing interoperability with Canada's major trading partners. The same approach should extend to the U.K., Australia and other partners adopting international standards, so Canadian exporters are not left adapting to rules set elsewhere.

3

Drive adoption: lead by example through public procurement.

Federal, provincial and territorial buyers should accept e-invoices on a common standard and pay them faster, as Australian federal agencies do within five days. Government is the one customer almost every sector shares.

4

Enable the transition: help small businesses make the switch.

Four in ten businesses (39%) point to financial incentives or tax credits, and nearly a quarter (23%) to technical support. Targeted support for e-invoicing-ready software and set-up would level the playing field, so the smallest firms move first rather than last.

5

Build awareness: reach SMEs through trusted advisers.

With four in ten businesses (42%) yet to hear of e-invoicing, a national awareness campaign delivered through accountants, bookkeepers, chambers of commerce and business associations would reach small businesses through the people they already rely on.

E-invoicing solves problems Canadian businesses face today: late payment, lost time and fraud. For an SME it means less re-keying, faster payment, fewer errors, better cash flow and less exposure to fraud. For Canada it lays the foundations of a connected, real-time economy, and of the productivity, compliance and trade that will shape its competitiveness for years to come.

About this research

The survey

The C\$82 billion and C\$21 billion figures in this factsheet are estimates. They are modelled from robust, representative survey data and published assumptions, set out below, rather than measured directly. The findings come from a survey of 2,002 Canadian businesses conducted by Strand Partners on behalf of Sage. Fieldwork took place online between 22 and 30 September 2026. Respondents were business owners and senior leaders. The sample was designed to be representative of Canadian businesses, and results were weighted by business size, sector and province to Statistics Canada's business counts. Strand Partners is a member of the British Polling Council, and this research was conducted under its rules.

The survey was designed so that Canadian results can be read alongside European ones. Its core questions repeat those Sage asked businesses in seven European markets in April 2024, part of a wider survey of 9,701 businesses in ten markets, with only currency and geography adapted for Canada. Official statistics such as Eurostat's cover only firms with ten or more employees and are therefore not comparable with survey figures that cover businesses of every size.

Time saved: up to C\$82 billion a year

The estimate follows the method used in Sage's 2024 report, *E-Invoicing: Paving the Way to a Connected, Real-time Economy*. It starts from the hours that businesses already using e-invoicing save each week, measured by business size in Sage's 2024 survey of adopters in Australia, Finland and Singapore. Those hours are valued at C\$74, the value of an

hour's work in Canada based on Statistics Canada productivity data, and applied to the number of Canadian businesses of each size. Around 600,000 GST/HST-exempt units, such as residential landlords, are excluded because they do little business-to-business invoicing.

The result is the value of the time that would be freed each year if every Canadian business used e-invoicing and put that time to productive use. It is a modelled estimate of time saved, not a forecast of GDP growth. The estimate depends on the value placed on an hour's work: at C\$68 an hour it would be up to C\$75 billion, and at C\$81 up to C\$90 billion. For a single small business saving 5.6 hours a week, the same calculation gives up to 290 hours a year, worth C\$21,600.

Cash released: up to C\$21 billion

The working capital estimate starts from the overdue invoice balances Canadian businesses reported in the survey, scaled up to the whole business population. It then assumes that late invoices fall by the same margin adopters reported in Sage's 2024 research, from 44% to 35% of all invoices. The cash this frees up is a one-off release rather than an annual gain, so it should not be added to the productivity estimate.

Adopter findings

The finding that adopters are paid four days sooner, with late payments down by about a fifth and processing time almost halved, comes from Sage's 2024 survey of businesses that had already adopted e-invoicing in Australia, Finland and Singapore.

Sources

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