



E-invoicing in Germany from 2025 - Federal Council clears the way

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1 Legislative process

In Germany, it took a long time for mandatory e-invoicing to appear on the political agenda. Obligatory e-invoicing was only announced in the coalition agreement of the current federal government in 2021. In the summer of 2023, Germany was authorised by an implementing decision of the EU Council to introduce rules deviating from the EU VAT Directive with regard to e-invoices. The legislative process via the "Act to Strengthen Growth Opportunities, Investments, Tax Simplification and Tax Fairness (Growth Opportunities Act)", which contains the rules for a national e-invoicing obligation in Germany was initially progressed quickly. The project received a setback in November 2023 when the Federal Council (Bundesrat) did not approve the proposed legislation due to disagreements in other areas. After appealing to the Mediation Committee and postponing the vote until 2024, the Federal Council has now approved the law. An e-invoicing obligation will now be introduced in stages from 2025. All that remains is for the law to be countersigned and signed into law. A (digital) reporting obligation is not yet included in this law. This will only be introduced as a second step.

2 Scope of the national e-invoicing obligation in Germany from 2025

From 1 January 2025, the e-invoicing obligation will include national B2B supplies. This means that a business established in Germany will be obliged to issue e-invoices for supplies taxable in Germany (which are not VAT exempt under sec. 4 nos. 8 to 29 of the German VAT Act) as soon as the invoice recipient is also established in Germany (new sec. 14 para. 2 sentence 2 no. 1 of the German VAT Act). A business is deemed to be established if it has its registered office, place of management, domicile or habitual residence in Germany or a domestic (in the supplies involved) fixed establishment, for VAT purposes (new sec. 14 para. 2 sentence 3 of the German VAT Act). The general obligation to issue invoices within six



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months of the performance of the supply will not be changed (new sec. 14 para. 2 sentence 2 of the German VAT Act). In future, supplies subject to the e-invoicing obligation will no longer require the active consent of the invoice recipient (new sec. 14 para. 1 sentence 5 of the German VAT Act). The only exceptions to the e-invoicing obligation are invoices for small amounts (sec. 33 of the German VAT Implementing Regulation) and invoices for tickets (sec. 34 of the German VAT Implementing Regulation).

3 Definition of an e-invoice

So far, the definition of an e-invoice is quite broad. From the introduction of the e-invoice obligation, a new, narrower definition will apply, i.e. not all invoices that are currently considered e-invoices will be considered as such in the future. Only an electronic invoice that complies with the requirements of Directive 2014/55/EU - and therefore the CEN standard 16931 – will be considered to be an e-invoice (new sec. 14 para. 1 sentence 6 no. 1 of the German VAT Act), or if the invoice issuer and invoice recipient have concluded a joint agreement on the e-invoice format used. The prerequisite for this is that the format used enables the correct and complete extraction of the required information in accordance with Directive 2014/55/EU or is interoperable with it (new sec. 14 para. 1 sentence 6 no. 2 of the German VAT Act). The second alternative under no. 2 is intended to ensure that previous investments in the digitalisation of e-invoicing processes, such as EDI invoices, have not been made in vain. However, the core element continues to be the CEN standard 16931, which is also used in the context of the B2G e-invoicing obligation, and is currently being revised.

Invoices that do not fulfil the above-mentioned requirements (e.g. PDF and paper invoices) will, in future, be defined as “other invoices”. For “other invoices” in electronic format – meaning e-invoices not in accordance with the CEN standard or interoperable with it – the consent of the invoice recipient is still required during the transitional periods mentioned below.

4 Transitional provisions

The e-invoice obligation will apply from 1 January 2025, with transitional provisions only for the invoice issuer, i.e. the obligation to issue invoices. Invoice recipients will be obliged to accept the receipt of e-invoices, without restriction, from 2025 if they receive supplies from other taxable persons established in Germany.

The following transitional provisions apply to invoice issuers:

- In 2025 and 2026, paper invoices and other electronic invoices (the latter still only with the consent of the invoice recipient) will continue to be permitted, in addition to e-invoices.
- In 2027, taxable persons with a total turnover of up to EUR 800,000 in the previous calendar year may continue to issue paper invoices and other electronic invoices (the latter still only with the consent of the invoice recipient) to their customers.
- In 2027, EDI invoices may also continue to be issued with the consent of the invoice recipient. In addition, EDI invoices may only be used if they are compatible with the CEN standard and both parties have agreed to their use.

To summarise, the e-invoice obligation will not affect most invoice issuers until 2027, but taxable persons established in Germany will have to convert their ERP systems to receive e-invoices, without restriction, from 2025.