



VAT NEWSLETTER

New draft of German Federal Ministry of Finance's letter on e-invoicing

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1 Background

At the end of June 2025, the (German) Federal Ministry of Finance published a further draft of a letter on mandatory B2B e-invoicing on its website. Since 1 January 2025, only invoices that meet the requirements of the CEN standard EN 16931 are considered to be e-invoices. These must be exchanged for domestic supplies between taxable persons established in Germany. Transitional regulations apply until 31 December 2027. Essentially, the new regulations for e-invoices and the relevant Federal Ministry of Finance's letter dated 15 October 2024 (see also KMLZ VAT Newsletter 39 | 2024) are to be incorporated into the (German) Administrative VAT Guidelines. Furthermore, the legislator also intends to clarify additional details and provide practical guidance. However, the previously announced introduction of a future e-invoice reporting system has not been addressed. The associations now have until the beginning of August 2025 to comment.

2 Clarifications

The draft Federal Ministry of Finance's letter contains a number of clarifications that are intended to facilitate practical implementation. However, not all of the clarifications are sufficient or satisfactory. Some questions remain open:

- Following the changes made as part of the Annual Tax Act 2024, it is to be clarified that B2B supplies by small businesses are not subject to e-invoicing; transactions subject to reverse charge, average rate or margin scheme taxation, on the other hand, fall under the e-invoicing obligation. This also applies to travel services. However, the clarification as to whether exempt supplies, for which VAT is opted for, are subject to an e-invoicing obligation is missing.



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- If a foreign part of a taxable person established in Germany is involved in a domestic supply in Germany, this supply is deemed to be performed by a taxable person established in Germany. A reference to the rules in sec. 13b.11 para 1 sentence 7 of the Administrative VAT Guidelines shall be made where this principle was already stipulated for the application of the reverse charge scheme.
- One proposed clarification primarily affects companies in the construction industry: In the case of discrepancies regarding the amount of the invoiced remuneration (e.g. in the event of complaints regarding the execution of the construction work), an invoice correction is not required. However, in the case of changes to the scope or content of supplies (e.g. relevant changes to measurements), an invoice correction must be made.
- The authenticity of the origin, the integrity of the content and the legibility of an e-invoice must be guaranteed. It should be sufficient to store the structured part of an e-invoice in such a way that it is available, intact, in its original form (i.e. in the format received). If the storage and archiving does not take place in a compliant data processing system (i.e. a system in line with the German principles of proper accounting and the storage of documents in an electronic form), this alone does not constitute a breach of the VAT regulations.
- The mandatory invoice information, according to sec. 14 and sec. 14a of the German VAT Act, is included in the core data model of the EN 16931 standard; without this structural requirement, electronic processing of an e-invoice would not be possible. In other words, the mandatory invoice information must be included in the structured data part of the e-invoice. If this is not the case (e.g. mandatory information is contained in an attachment), the e-invoice suffers from a content error and is no longer correct according to the Federal Ministry of Finance. On the other hand, the mandatory invoice details of a non-electronic invoice can (still) be found in several documents.
- As the mandatory invoice details must now be included in the structured part of an e-invoice, there should be certain simplifications for the description of the supply. The information in the structured data section must allow for clear and easily verifiable identification of the supply. However, additional information can also be included in an appendix integrated into the e-invoice. References to the delivery note should (continue to) be permitted. The necessary demarcation of what constitutes supplementary information is, in practice, likely to be difficult.
- The structure of the core data model also affects invoice corrections. The Federal Ministry of Finance therefore intends to clarify in its letter that the transmission of missing information or the correction of incorrect information in a form other than an e-invoice will not be sufficient as soon as an e-invoice obligation exists.

3 Format errors and validation of e-invoices

The draft Federal Ministry of Finance's letter focuses on the examination of errors in an e-invoice, both in terms of content and with regard to the e-invoice format. The error categorisation is based on the following pillars, which are supported by the legal rules and the format specifications of the CEN standard: The previous content checks of the mandatory invoice information are supplemented by a technical check (semantics, syntax, CIUS). A technical check must be carried out to determine whether the business rules of the CEN standard, e.g. with regard to structure or mutually exclusive information (e.g. tax rate 19% and a tax amount of EUR 0) are fulfilled. According to the Federal Ministry of Finance, these checks can be carried out with the help of suitable validation applications (more information on the KMLZ validation solution can be found [here](#)). If an invoice does not pass the technical checks, it is not an e-invoice according to the definition. Conversely, this means that input VAT deduction from e-invoices could be jeopardised if the data set of the invoice contains format errors and therefore does not fulfil the requirements of the CEN standard. This technical component should therefore supplement the content checks of invoices in the company in future.