



E-invoicing obligation in Germany from 2025: Finance Ministry Circular published

1 Background

From 1 January 2025, e-invoicing will be obligatory for domestic supplies between companies established in Germany. This does not apply to supplies which are VAT-exempt in accordance with sec. 4 nos. 8 to 29 of the German VAT Act, small-value invoices (sec. 33 of the German VAT Implementation Code) and tickets (sec. 34 of the German VAT Implementation Code). Different transitional rules apply for the issuing of e-invoices, but not to the receipt of e-invoices (see KMLZ VAT Newsletter 10 | 2024). Following the draft of the Finance Ministry Circular from June 2024, the final version of the Finance Ministry Circular on obligatory e-invoicing was published on 15 October 2024. Compared to the draft of the Circular, some points have now been clarified. The necessary amendments to the German VAT Circular have been announced for a follow-up Finance Ministry Circular.

2 Requirements for e-invoice formats

In future, an e-invoice must fulfil the requirements of the EN 16931 standard or be interoperable with it. The structured data of the e-invoice must be machine-readable, analysable and stored in unaltered form in compliance with the principles for the proper keeping and storage of books, records and documents in electronic form. Machine readability replaces readability by the human eye. In the case of hybrid data formats (i.e. the file consists of both a structured data part and a human-readable data part), the structured data part will, in future, be the leading part, which will take precedence over the image file (even in the case of deviations that are not purely technical). In the event of discrepancies between the structured part and the image part, the latter may be considered an additional invoice with unduly charged VAT. An authorised e-invoice format must, in particular, ensure that the invoice details can be transmitted and read electronically.



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In particular, the X-Invoice standard (especially in the core data model) and the ZUGFeRD format from version 2.0.1 fulfil the new requirements for e-invoices. According to the Finance Ministry Circular, other national formats, which correspond to the list of syntaxes in accordance with Directive 2014/55/EU (on which the CEN format EN 16931 is based), can also fulfil the requirements of the German e-invoicing obligation. The Finance Ministry Circular lists the French Factur-X format and Peppol-BIS Billing as examples. In particular, it clarifies that the question of which format is actually exchanged between companies is a civil law issue that must be settled between the respective contracting parties. Companies should therefore contact their contractual partners, especially their suppliers, and agree which e-invoice format is to be exchanged in the future in order to be able to make targeted preparations.

3 E-invoices for domestic supplies

The Finance Ministry Circular explicitly clarifies that all domestic supplies, (excluding those which are VAT-exempt in accordance with sec. 4 nos. 8 to 29 of the German VAT Act), between companies established in Germany are subject to the e-invoicing obligation. This also includes intra-Community supplies between established companies with a place of supply in Germany, transactions for which the reverse charge scheme applies (sec. 13b of the German VAT Act) and transactions by small businesses (sec. 19 of the German VAT Act). E-invoices must also be issued if only parts of the invoiced supplies are subject to the new obligation.

4 Different questions in connection with e-invoices

A proper e-invoice must, in the structured part of the invoice, contain all mandatory information in accordance with sec. 14 and 14a of the German VAT Act. Additional information can be provided in, for example, an unstructured PDF attachment. The Finance Ministry Circular clarifies that a link in the file, referencing to other information, is not sufficient to consider the additional information being part of the invoice.

The new e-invoicing obligation does not regulate the way in which e-invoices must be transmitted. In addition to the e-invoice format used, the agreement on the method of transmission of the e-invoices is also a matter of civil law agreement between the contracting parties. For example, sending by email, electronic interfaces or download portals can be used. While the draft of the Finance Ministry Circular still explicitly referred to the fact that it is not possible to transmit an e-invoice via USB stick, there is no such reference in the final version of the Circular. However, the examples given in the Finance Ministry Circular certainly suggest that e-invoices should also be transmitted electronically.

Contracts can be added as an attachment; when using a standing invoice (in the case of continuing obligations), a new e-invoice only has to be issued after a change to the mandatory invoice details. With regard to down payment invoices, the Ministry notes that it is not yet technically possible to issue a final invoice deducting the advance payment amounts in a structured format. Instead, an invoice regarding the amount still outstanding must be issued or, during the transitional phase, the offsetting of the advance payments be shown in an (unstructured) annex. Invoice corrections must be made in the original invoice format - i.e. in the case of an e-invoice obligation, also as an e-invoice. The transmission of missing or incorrect information in any other form is explicitly prohibited.

5 Input VAT deduction

In the case of an e-invoice obligation, only a formally correct e-invoice entitles for input VAT deduction. However, according to the Finance Ministry Circular, a complete and correct "other invoice" also allows for input VAT deduction, provided that the material requirements for input VAT deduction are recognizable.