



VAT NEWSLETTER

Obligatory e-invoicing: German Federal Ministry of Finance issues clarifying guidance

31 | 2026

At the end of 2026, things will become serious. The first transitional rule under Germany's obligatory e-invoicing regime will expire. In practice, however, many questions remain unanswered as the deadline approaches. Industry stakeholders have raised several of these questions with the German Federal Ministry of Finance (BMF). Below is a summary of the key takeaways from the BMF's responses.

1 Obligatory invoice information – in particular the description of the supply

The BMF reiterates that all VAT-relevant obligatory invoice information must be included in the structured part of an e-invoice. This explicitly applies to the description of the supply. According to the BMF, this includes not only the nature and scope of the goods or services supplied, but also the content of the supply and, where relevant, the place of supply. The BMF places particular emphasis on the invoice's "control function". The minimum standard should be information that allows for an abstract determination of the supply, such as distinguishing between a supply of goods or services, determining the place of supply, and verifying the VAT rate applicable. In some cases, the information should even enable a specific on-site verification of the supply and provide a basis for assessing the entitlement to deduct input VAT. Additional information beyond these minimum requirements may be provided in attached supporting documents. The requirement that all VAT-mandatory invoice information must be included in the structured part of the e-invoice is particularly understandable in light of the future transaction-based reporting system, which is still under development and for which a compliant e-invoice will serve as the fundamental basis. This requirement alone effectively rules out the use of mere references within the structured data pointing to contracts, delivery notes, or similar documents.



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2 Information on rebate agreements

For bonus, cash discount, and rebate arrangements, where the final amount is not yet known at the time the invoice is issued, a general reference to a written agreement within the meaning of sec. 14 para. 4 no. 7 of the German VAT Act (UStG) will in future be sufficient. However, businesses must ensure that the underlying documentation can be provided promptly in the event of a tax audit. A corresponding clarification is expected to shortly be included in sec. 14.5 para. 19 of the German Administrative VAT Guidelines (UStAE). The BMF also clarifies that a subsequent amendment to an existing rebate agreement does not trigger an obligation to correct the original invoice.

3 Invoice corrections

With regard to invoice corrections, the BMF clarifies that the actual supply performed must be identifiable when the original invoice and the correction document are considered together. Importantly, corrections to obligatory invoice details, pursuant to sec. 14 and 14a UStG, must generally also be issued in the form of an e-invoice. The BMF does not object, at least for the time being, to invoice corrections being made through collective correction documents. At the same time, however, the BMF makes it clear that such collective corrections will no longer be possible once the future transaction-based reporting system has been introduced. The so-called “red pencil method”, commonly used in the construction industry, is expressly no longer accepted by the BMF. Businesses will therefore have to adapt their processes to ensure compliance, either through prior agreement on the supplies to be invoiced or through subsequent e-invoice corrections.

4 Errors, validation and content review

The BMF now places particular emphasis on reviewing e-invoices for content-related errors. This means verifying whether all VAT-mandatory information required under sec. 14 and 14a UStG is present and correct. In addition, according to the BMF, an e-invoice must use a permitted syntax that has been implemented correctly from a technical perspective, ensuring that the invoice data can be processed automatically. Otherwise, a harmful format error exists. This position demonstrates that the BMF is moving away from a purely technical perspective and introducing a distinct VAT perspective. Business rule violations that do not concern obligatory invoice information under sec. 14 and 14a UStG should be irrelevant from a VAT perspective. For businesses, however, this does not necessarily simplify matters. In fact, the opposite may be true. E-invoices must still be validated for syntactical and semantic errors, even where no direct VAT implications exist, in order to ensure reliable automated processing of incoming invoices. At the same time, invoices must also be checked for content-related deficiencies. As a result, technical validation tools will need to support the review of VAT-mandatory invoice information much more comprehensively than a simple syntax and semantic validation.

5 Administrative penalties

If an invoice is not issued, or not issued on time, this may constitute an administrative offence under sec. 26a para. 2 no. 1 UStG and may result in a penalty. The BMF does not answer the question of whether issuing an invoice that fails to comply with EN 16931 due to technical deficiencies could also be treated as an administrative offence. It merely notes that tax authorities are aware of the challenges and that disproportionate enforcement during the ongoing “transitional phase” is not to be expected. However, the BMF does not specify when this transitional phase will end. Strictly speaking, it expires when the first transitional rule expires on 31 December 2026. The BMF further indicates that it intends to discuss the issue and propose legislative amendments. This could be interpreted as suggesting that the BMF considers the existing penalty provision potentially to be applicable to such cases. Businesses wishing to avoid penalties with certainty should therefore ensure that their e-invoicing processes are fully compliant by the end of 2026.