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VAT NEWSLETTER

Obligatory e-invoicing: New practical guidance from German Federal Ministry of Finance

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On 15 October 2026, the Federal Ministry of Finance (BMF) published its third guidance letter on the domestic mandatory e-invoicing regime. Unlike in previous years, no draft had been published in advance for consultation. However, numerous submissions tu industry associations during the summer of 2026 (KMLZ VAT Newsletter 31 | 2026) had already provided some indication of the clarifications that might be included in the latest guidance. The key points are summarised below.

1 Customer's status as a taxable person

For business models with a mixed customer base, comprising both taxable persons for VAT purposes and private consumers, it is often difficult to determine whether an e-invoice must be issued. The BMF had already clarified that there is no breach of the e-invoicing obligation if, despite exercising the due care of a prudent businessperson, it cannot be identified that the customer is a taxable person. What is new is the clarification that determining the customer's status at the beginning of a contractual relationship or when a contract is amended is sufficient. Regular follow-up enquiries are not required. This provides businesses with a certain degree of protection, particularly in relation to established customers and ongoing contractual relationships. However, where individual contracts are concluded with changing customers, or even anonymous customers, it is advisable to actively verify the customer's status as a taxable person in advance. The BMF still does not address whether, and if so how, an invoice recipient must verify in 2027 whether the issuer has exceeded the EUR 800,000 threshold and is therefore subject to the e-invoicing obligation.

2 Administrative offence / pnalties

It is welcome that the BMF considers the penalty provision in sec. 26a para. 2 no. 1 of the German VAT Act to be inapplicable where another type of invoice is issued instead of an e-invoice. This clarification comes as something of a surprise, as the



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submissions to industry associations had suggested that the provision might apply. In particular, this protects businesses that wish to issue e-invoices but encounter customers who are reluctant to accept them. E-invoicing will therefore have to become established from the customer side, as it is the customer who faces the risk of being denied the input VAT deduction.

3 Mandatory invoice information

Until now, it was sufficient for an invoice to contain the mandatory information required by VAT law. With the transition to e-invoicing, this information must be included in the structured part of the e-invoice. For most of these mandatory particulars, the semantic data model provides explicitly designated BT fields ("Business Terms"). Nevertheless, the question frequently arises as to whether the mandatory VAT invoice information must actually be entered in the designated BT field or whether it may instead be included in a free-text field. The new BMF guidance now contains a clear recommendation to use the guidance developed by KoSIT and FeRD on populating the XML structure with the mandatory VAT invoice information. This is expressly to be welcomed, as standardisation facilitates the automated processing of invoices. In addition, many validators used to check e-invoices will expect the information to be entered in the designated fields. Moreover, in view of the announced transaction-based reporting system, which is scheduled to become mandatory from July 2030, it is already advisable today to enter the correct information in the correct BT field. This is the only way to ensure error-free and automated reporting in the future.

4 Errors, validation & content checks

An invalid result from an e-invoice validation does not necessarily adversely affect the input VAT deduction. The new BMF guidance marks a shift towards a more VAT-focused approach. To date, most validators used to check e-invoices have primarily been based on a technical perspective. Businesses must now determine whether an error identified by a validator actually requires an XML invoice to be rejected. From a VAT perspective, this is only necessary if an e-invoice contains a format error and/or deficiencies in the mandatory VAT invoice information. Other errors would presumably have to be accepted by the business. This applies, in particular, where, for example, there is a business rule error, but the XML file can nevertheless be technically processed and none of the mandatory VAT invoice information is missing or defective. This does not make invoice verification any easier. However, greater emphasis must once again be placed on checking the mandatory VAT information. In future, automatically rejecting all invalid invoices will require the cooperation of the invoice issuer, or will result in more disputes. At the same time, however, this runs counter to the BMF's recommendation to use the correct BT fields for the mandatory VAT invoice information and thereby improve data quality. Businesses therefore need to find a practicable way of achieving both objectives: ensuring correct invoicing in terms of the VAT requirements regarding content and scope, while also maintaining high data quality for the forthcoming transaction-based reporting system. At the same time, they must retain a proportionate approach to necessary invoice corrections and safeguard the invoice recipient's input VAT deduction.

5 Description of supplies and advance payments in attachments

The guidance on the description of supplies is, in principle, consistent with the submissions to industry associations (KMLZ VAT Newsletter 31 | 2026), according to which the invoice's "control function" must be ensured. For construction services, no objection will be raised where the necessary details are provided in an embedded attachment. In the case of invoice corrections, the supplies or services provided and their quantities must be clearly and unambiguously identifiable when the documents issued are considered together. The BMF also permits a compromise for advance payments, as the CEN standard and the VAT requirements are not compatible in this respect. Until 2030, the relevant information may be provided in certain BT fields or in an embedded attachment to which the e-invoice refers.

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