

E-invoices

The introduction at a glance

1. The most important facts summarized

E-invoices	as of 1.1.2025	as of 1.1.2027	as of 1.1.2028
Issuing	No	Companies > 800 K€ turnover	All companies
Receive	E-mail inbox is enough	E-mail inbox is enough	E-mail inbox is enough
Electronic processing of incoming invoices	Not required	Not required	Not required
Input tax deduction	As before	Principle: e-invoicing of large companies necessary; BUT: complete "other invoice" is probably also sufficient	Principle: e-invoicing necessary; BUT: Complete "other invoice" is probably also sufficient
Special software required	No	Companies with a turnover of 800 K€ or more must be able to issue e-invoices	It must be possible to issue e-invoices

From January 1, 2025, an innovation in the area of invoicing will come into force in Germany: the mandatory introduction of electronic invoicing (e-invoicing) for transactions between entrepreneurs (B2B). This regulation is part of the Growth Opportunities Act, which was passed on March 27, 2024 and brings notable changes to the Value Added Tax Act (UStG).

This is a general implementation of what is already mandatory for invoices from companies to certain authorities (B2G) and is already common practice between large German companies.

There is currently unnecessary excitement surrounding this topic. We summarize the relevant facts below.

2. What is an e-invoice?

An e-invoice is an invoice that is issued, transmitted and received in a structured electronic format to enable electronic processing. The EN 16931 format (XML file) is obligatory.

This format does not provide for a human-readable part - e.g. a PDF format. However, a corresponding extension of the format is permitted and probably makes sense, so that we can assume that PDF invoices with an XML part will be the most common in the future.

In Germany, the common formats are XRechnung (pure data) and ZUGFeRD (hybrid readable as PDF and data).

3. Who is obliged to issue e-invoices?

The obligation only applies to domestic companies in the B2B sector, i.e. services between companies based in Germany. It also applies to small businesses.

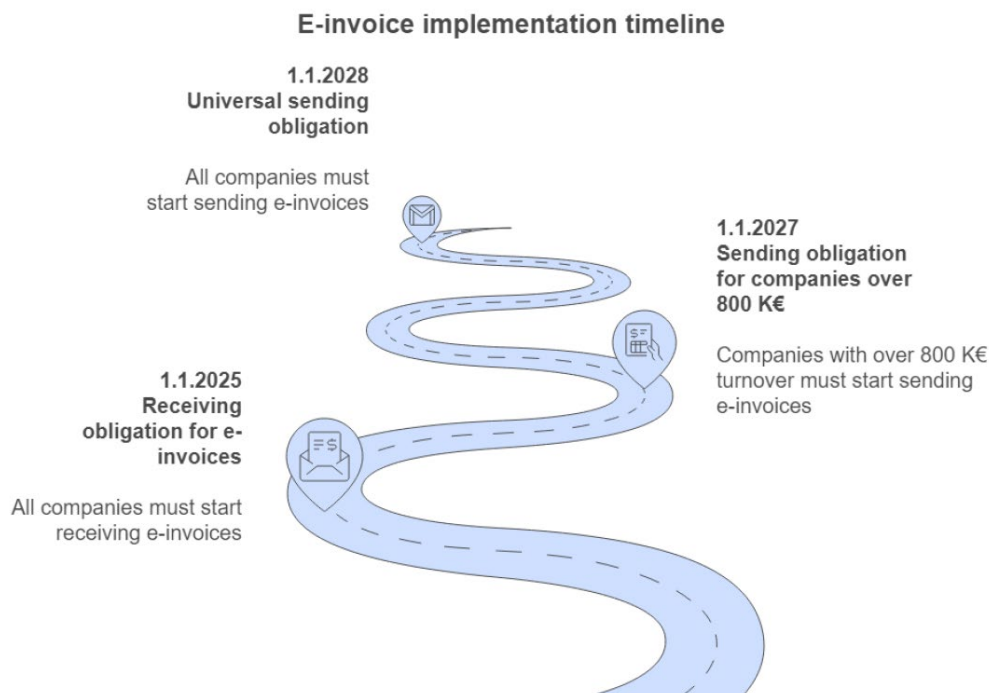
The obligation therefore does not apply to services in the B2C sector, i.e. services provided by entrepreneurs to non-entrepreneurs - e.g. private individuals.

Strictly speaking, the German regulations do not apply to services provided by foreign entrepreneurs to German entrepreneurs or to services provided by German entrepreneurs to foreign entrepreneurs. However, the regulations of other (EU) states could apply here.

4. When do the new regulations apply?

The obligation to receive e-invoices already applies from January 1, 2025.

The obligation to issue e-invoices in the B2B sector will also apply from January 1, 2025. However, there are transitional regulations that allow companies to continue using paper invoices or PDF invoices without a structured data set until the end of 2026 - see graphic.



5. Where can I find detailed information on the application of the new regulations?

The Federal Ministry of Finance (BMF) published the final letter on this topic on October 15, 2024, which sets out the principles for the use of e-invoicing. In addition, there is a list of the most important questions and answers on the introduction of e-invoicing on the website of the Federal Ministry of Finance, [link to the FAQs](#) (only German).

6. What exactly applies to the receipt of invoices?

From January 1, 2025, domestic companies will be required to be able to receive e-invoices electronically. Companies are free to decide exactly how this is achieved. In order to fulfill this obligation, however, it is sufficient for the invoice recipient to provide an email inbox. It is not absolutely necessary for this to be a separate email inbox just for the receipt of e-invoices.

Electronic processing of the invoice is not mandatory! This means that there is no change with regard to incoming invoices for all companies that can already be reached by e-mail.

7. Are there exceptions to the e-invoicing obligation?

Yes, there are some exceptions. A paper invoice or another format can still be used for the following invoices:

- Small value invoices under 250 €
- Tickets for passenger transportation
- Certain tax-exempt services (e.g. travel services, sales with differential taxation)
- Invoices to non-entrepreneurs (B2C)

8. Is special software required?

Currently no.

An e-mail inbox is sufficient for incoming invoices - see point 6.

For outgoing invoices, companies with a turnover of more than 800 K€ must be able to create e-invoices from 1.1.2027 and all companies from 1.1.2028.

The easiest way to do this is probably to use SaaS solutions on the Internet to create e-invoices - although this may only be practicable for a few outgoing invoices per month.

There are new software solutions every day that map the process of processing the e-invoice via receipt, validation, VAT verification, invoice approval, posting and archiving. Companies should take advantage of the transition period and check which software solutions enable efficiency gains through the new invoice form. The IHK Munich offers an overview of various software providers on its website. [Link to the overview](#) of providers including guidelines that can help with the selection of the right software and implementation.

DATEV Unternehmen Online, the tool we use for processing incoming invoices for various clients, is already able to process e-invoices. However, it should be noted that the efficiency gain between processing an e-invoice and a normal PDF invoice is modest.

9. What needs to be considered for input tax deduction?

As there are transitional regulations for the period 2025 to 2026, the right to deduct input tax from invoices that are not e-invoices remains in place.

The situation will become more critical from January 1, 2027, as certain companies will be obliged to issue e-invoices from this date.

From 1.1.2028, when all transitional regulations have expired, input tax deduction will in principle only be possible if the recipient has an e-invoice.

BUT: In the BMF letter of October 15, 2024, para. 58, the Federal Ministry of Finance writes the following in the event that, contrary to these regulations, no e-invoice is available: "... the information contained in a "other invoice" must be taken into account as possible objective evidence within the meaning of Section 15.2a (1a) UStAE with regard to the input tax deduction. If this regulation is applied and a strict standard is applied, an input VAT deduction may be possible, provided that the tax authorities have all the information they need to check the material conditions for the input VAT deduction (a trader makes a supply to another trader which serves the latter's transactions subject to VAT and for which VAT has actually been paid). If the content of the other invoice is correct and complete, the aforementioned requirements will regularly be met."

This means that complete invoices that are not e-invoices are entitled to input tax deduction until further notice. Even if this regulation offers a welcome "double bottom" for input tax deduction, it is advisable to adapt the processes for checking incoming invoices to e-invoices so that it is recognizable from 1.1.2027 at least if an invoice does not meet the then current requirements.

10. What applies to the storage of e-invoices?

The general retention regulations apply to e-invoices. This means that e-invoices can be stored in their original format and made available for review. In particular, if the e-invoice is converted for further processing (e.g. into a PDF), the e-invoice and its structured data must be preserved unchanged and protected against data loss. It must be ensured that no information is lost when saving. All attachments and links must also be saved.

Good to know:

- If an invoice is received as a separate e-mail or as an analyzable digital e-mail attachment, it must be saved in this format. Archiving only as an image PDF is not permitted.
- If the invoice is received in paper form, it cannot be automatically analyzed from the outset. Archiving as a scan in PDF format is permitted. Archiving in PDF format only is permitted if certain procedural requirements are met.
- If the electronic invoice is sent as an e-mail attachment, the following applies to storage:
 - If the e-mail only serves as an "envelope", it can be deleted.
 - If the email contains tax-relevant data - e.g. a reference to a cash discount - it must be retained and saved.

11. What applies to recurring invoices, such as rental agreements?

The rule for recurring invoices is that invoices issued before January 1, 2025 are still valid. Only future changes to recurring invoices are subject to the new regulations.

This means that older rental agreements, for example, which contain the data relevant for input tax deduction in the contract, will continue to entitle the tenant to deduct input tax. Nevertheless, it will become more common in future for invoices for long-term legal relationships to be issued as e-invoices, regardless of the underlying contracts.

However, what is described in point 9 also applies here, namely that an e-invoice is not mandatory for input tax deduction until further notice.

12. Outlook

The legislator has given companies a period of two to three years to introduce e-invoicing. The first step of being ready to receive e-invoices can be implemented without any additional effort. In the coming years, software providers are expected to provide more and better solutions. In addition, not all questions relating to e-invoicing have yet been clarified. We will keep you up to date on this. Feel free to contact us if we can help you with the implementation.