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By PwC Deutschland | 18 June 2024

Federal Ministry of Finance: Draft circular on mandatory electronic invoicing from 2025

On 14 June 2024, the Federal Ministry of Finance (MoF) published a draft circular on the introduction of mandatory electronic invoicing for transactions between domestic businesses from 1 January 2025.

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Introduction of a mandatory electronic invoice (a brief overview)

The mandatory electronic invoicing for services between entrepreneurs was introduced in the wake of the Growth Opportunities Act with effect from 1 January 2025. The electronic invoice must be issued, transmitted, and received in a specific structured electronic format and enable electronic processing.

In addition to adapting existing EDI procedures to CEN standard EN 16931, invoice issuers and invoice recipients can alternatively agree on the use of a different (new) structured electronic format if the information required for VAT purposes can be extracted correctly and completely from the invoice format used in such a way that the result corresponds to or is compatible with CEN standard EN 16931. If this is ensured, invoices issued via EDI procedures in particular, whose formats do not comply with the requirements of CEN standard EN 16931, nevertheless fulfil the format requirements for electronic invoices.

The obligation to issue electronic invoices applies to businesses based in Germany that invoice a service recipient also based in Germany or in one of the territories specified in § 1 (3) VAT Act for a service that is taxable in Germany.

The MoF draft circular

The MoF plans to publish a BMF circular on this topic in consultation with the supreme tax authorities of the federal states. The measure will be complemented by transitory provisions. The draft was sent to the associations on 13 June 2024 with the opportunity for comment. Due to the importance of the changes for the economy, the draft is already being published at this stage for general information purposes. Comments can be submitted via the associations if necessary. **The final publication of the MoF circular** is scheduled for October 2024.

The draft circular answers specific questions as, among others, the issue of **contracts as invoices**. Contracts are to be regarded as invoices if they contain the information required under Section 14 (4) of the German VAT Act. If there is an obligation to issue an e-invoice for a long-term (continuous) obligation (e.g., rental agreements), it is sufficient if an e-invoice is issued for the first period during which the service was provided and to which the underlying contract is attached as an annex, or if it is clear from other details that it is a permanent invoice.

Other topics addressed in the MOF draft circular are, e.g., small amount invoices and travel tickets (bus, train, trams etc.), hybrid invoice formats, transmission and receipt of e-invoices, correction of invoice, electronic invoicing and deduction of input VAT, retention of e-invoices, and the situation for legal entities under public law.

Source:

Federal Ministry of Finance, circular dated 13 June 2024 (III C 2 - S 7287-a/23/10001 :007).

Keywords

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