




# E-invoicing: 10 FAQs

3 July 2024

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# Question 1

## What is an e-invoice?

### E-invoice

An e-invoice is an invoice that has been issued, transmitted, and received in a structured electronic format, which allows for its automatic and electronic processing.

According to the drafted e-invoicing guidelines, electronic processing by the recipient is not required.

### Other invoices

E-invoices are to be distinguished from other invoices, meaning invoices that do not comply with EN 16931 or are not interoperable, e.g., paper invoices or PDFs.



## Question 2

### What is the scope of the new e-invoicing rules?

The new e-invoicing provisions apply to suppliers and recipients that are established in Germany.

Taxable persons established in Germany, who carry out supplies of goods or services to taxable persons established in Germany, are required to issue e-invoices for domestic taxable supplies, which are subject to German VAT.

The establishment can either be a legal person or a fixed establishment in terms of VAT. Please note, that the fixed establishment must be involved in the corresponding supply to be subject to mandatory e-invoicing.

The mere registration for German VAT purposes is not triggering the obligation to issue or receive e-invoices.

The new e-invoicing rules apply to domestic B2B supplies of goods or services that are subject to German VAT.

Mandatory e-invoicing also extends to domestic reverse charge supplies, domestic B2B travel services (TOMS) and domestic supplies subject to special schemes for antiques, collector items, artworks, farmers, and foresters.

Invoices for specific VAT-exempt supplies, invoices for small amounts up to 250 euros and travel tickets are not covered by the new e-invoicing rules.



## Question 3

What means “EN 16931” and are deviating agreements admissible?

EN 16931 is a standardized data set that cannot be read by the human eye.

E-invoices can be issued in a purely structured or hybrid format.

Apart from standard XRechnung or ZUGFeRD from version 2.0.1 and higher, the German Tax Authorities allow other national and European formats (e.g. Factur-X or FatturaPA). Extensions can also be used.






















The invoice issuer and recipient can agree on using a different structured electronic format if the relevant information can be extracted from the format and the result is interoperable with EN 16931.

In case of interoperability, invoices issued via the EDI procedure also meet the format requirements and can be used beyond 31 December 2027.



## Question 4

Which deadlines must<sup>1</sup> be observed?

	EN 16931	EDI	Unstructured <sup>2</sup>	Paper
2024				
2025 <sup>3</sup>				
2026				
2027			 + 	
2028				



Consent of the recipient required



Consent of the recipient required and result of data extraction mandatorily EN 16931-compliant or interoperable



Total revenue ≤ EUR 800,000 in the previous calendar year



Consent of the recipient not required



Non-compliant

<sup>1</sup> Except for invoices for small amounts and travel tickets.

<sup>2</sup> Non-EN 16931-compliant, e.g., PDF.

<sup>3</sup> Receipt of structured e-invoices for domestic B2B supplies of goods or services mandatory from 1 January 2025 onwards.



## Question 5

Is there any guidance available that describes the process once an e-invoice is received?

According to the drafted administrative B2B e-invoicing guidelines, for e-invoicing receipt, it is sufficient for the recipient to provide an e-mail inbox.

However, implementing an automated e-invoicing receipt solution will entail substantial operational efficiency benefits for recipients.

Where recipients refuse to accept e-invoices despite of the e-invoice obligation or do not ensure that they can receive e-invoices, they cannot invoke any right to receive other invoices that do not fulfill the format requirements.

The processes must be in line with the general archiving and record keeping principles ("GoBD").

The structured part of an e-invoice must be stored in accordance with general accounting principles. It must be available in its original form and meet the requirements for immutability.

The German Tax Authorities must be able to analyze it electronically.

If additional documents contain relevant records, these must also be stored in their original form and unalterable.



## Question 6

Which data quality and processing is necessary?

Efficient data processing requires consistently high data quality.

Accordingly, the company's internal processes must be reviewed and adopted to be able for e-invoicing if necessary.

This applies, for example, to internal control and approval procedures.





## Question 7

### What happens in case of non-compliance?

#### **Will the German Tax Authorities deny input tax deduction from non-EN 16931-compliant invoices?**

Even if a non-EN 16931-compliant invoice is not corrected, the German Tax Authorities allow input tax deduction where the necessary information is provided to assess the material input tax requirements.

Input tax deduction will also be allowed to recipients who rely in good faith on their assumption that invoice issuers apply transitional rules if all other general input tax deduction are met.

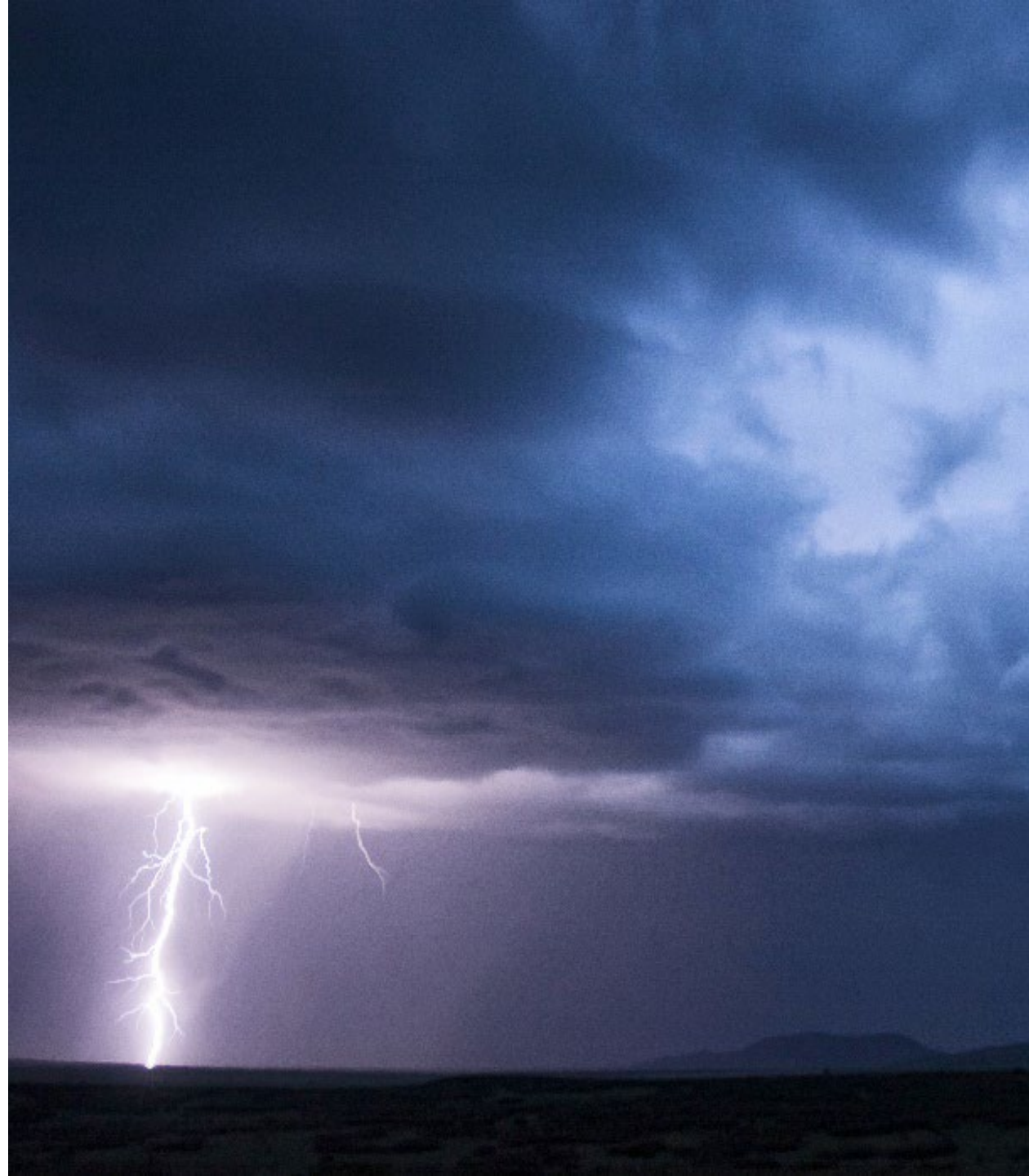
#### **Which penalties should companies expect for non-compliance?**

A breach of the legal obligation to issue structured e-invoices constitutes an administrative offense.

If an administrative offense is committed, there is a risk of fines of up to EUR 5,000 per offense, possibly the absorption of saved expenses, and an entry in the central trade register.

These legal consequences also apply to (de facto) managing directors.

However, prosecuting administrative offenses is within the duty-bound discretion of the prosecuting authority.



## Question 8

What is about the introduction of harmonized rules for e-invoicing and digital reporting requirements (ViDA) in 2028?

In December 2022, the European Commission published its proposal in the context of the VAT in the Digital Age (ViDA) package.

The package includes new EU VAT rules on real-time digital reporting based on e-invoicing for businesses that operate cross-border in the EU.

Under the proposed VAT rules, all EU businesses must be able to issue e-invoices for cross-border B2B supplies of goods or services.

The legislative process at the EU level has not yet been completed.

On 21 June 2024, the EU Member States failed to reach an agreement on the ViDA proposal during the ECOFIN meeting as Estonia opposed due to concerns about the new deemed supplier regime.

The introduction of digital reporting requirements at the national level is currently not foreseeable.

The coalition agreement from 2021 provides for the introduction of a standardized nationwide e-reporting system for creating, verifying, and reporting invoices.

In a letter addressed to business associations in April 2023, the German Federal Ministry of Finance (BMF) emphasized that mandatory e-invoicing is the first step in introducing a transaction-based reporting system.

According to the drafted administrative e-invoicing guidelines, introducing digital reporting requirements will follow at a later stage.



# Question 9

## Why should I act now?

**To be optimally prepared for mandatory B2B e-invoicing and avoid possible sanctions, affected companies should act immediately.**

Compliant structured e-invoices rely on complete and accurate data. Adapting and monitoring business systems and processes are essential to ensure high data quality and efficient data processing aligned with the new legal framework.

Mandatory e-invoicing for domestic B2B supplies of goods and services extends to various business areas. The tax and IT departments are mainly affected, but also accounting, communications and training departments must also be set up accordingly.

The tax department must deal with new rules and implement them. Compliance processes must be adapted, and accounting requirements must be monitored. It is the task of the internal IT department to ensure the implementation in all relevant systems.

On the purchase side, VAT-registered affected businesses will generally only be able to deduct input VAT on purchases if they are able to receive and process e-invoices properly.

On the sales side, VAT-registered businesses that do not issue compliant e-invoices risk substantial penalties.



# Question 10

## How can Deloitte help?

### We can support you in implementing legally compliant solutions.

We will be pleased to provide you with comprehensive advice on all aspects of e-invoicing, from tax technical advice through to process optimization and IT implementation.

### Tax Advisory Services

Our comprehensive services include:

- Checking whether and to what extent your company is affected by the e-invoicing regulations,
- Analyzing affected business transactions,
- Assessing the fits and gaps in processes and systems, and
- Selecting and designing solutions.

### Implementation

We can support you with the implementation of e-invoicing solutions. Work with us to find the right technical solution that best suits your company-specific requirements.

### Compliance

We support you in the practical implementation and compliance with the new e-invoicing regulations, from the creation to the archiving of invoices.

### Your advantages



#### Impact analysis

Clear understanding of  
The practical impact



#### Tax law assessment

Confirmation of the legal  
requirements and  
consequences



#### Custom-fit solution

Flexible delivery models,  
from in-house to  
outsourcing



#### Risk mitigation

Identify risks to avoid  
penalties



#### Automation

Efficiency through automation



#### IT Readiness

Ensure that your system(s) can  
handle e-invoicing  
requirements



#### Interdisciplinary advisory team

Combined approach from a tax,  
technology and consulting  
perspective



#### International network

Synergies from support of our  
international network to meet  
global e-invoicing requirements  
strategically

# Your contact persons

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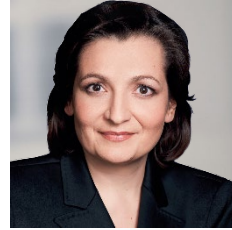
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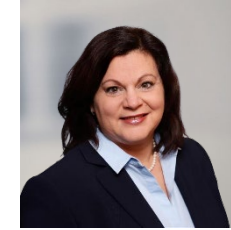
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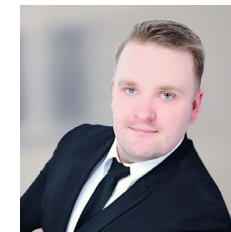
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