# E-invoicing from 2027: What businesses need to know

E-invoicing is being introduced gradually in Germany. Companies have been required to be able to receive e-invoices since the start of 2025, and the transitional period for issuing them will now end on 1 January 2027. In particular, companies with a turnover of more than 800,000 euros must adapt their invoicing processes to meet the new requirements.




**What counts as an e-invoice?**
Not every invoice transmitted digitally is automatically an e-invoice for tax purposes.

An e-invoice must be issued, transmitted and received in a structured electronic format that enables electronic and automated processing. The European standard EN 16931.

An ordinary PDF invoice, sent by email for example, does not meet this requirement. Like a paper invoice, it is classified as a so-called 'other invoice'.

In practice, two formats in particular play an important role:

- XRechnung: fully structured XML format
- ZUGFeRD: a hybrid invoice format in which a machine-readable XML data record is embedded in a human-readable PDF file.

**The transitional arrangements until the end of 2027**
Domestic businesses have, in principle, been required to be able to receive e-invoices since 1 January 2025. The statutory transitional provisions primarily concern the issuing of invoices.

Until 31 December 2026, invoice issuers may continue to use other types of invoices, provided the recipient gives their (implied) consent. These include, in particular, paper invoices or, subject to the applicable requirements, invoices in PDF format.

From 1 January 2027, the invoicer's total turnover in the preceding calendar year will be the determining factor. If this exceeds 800,000 euros, an e-invoice must, in principle, be issued for domestic B2B transactions covered by the regulation from 1 January 2027 onwards.

Businesses with a total turnover of no more than 800,000 euros may, in principle, still make use of the transitional arrangement for turnover generated in 2027. From 1 January 2028, this general, turnover-based transitional arrangement will cease to apply. Sending invoices in paper form or as PDFs without structured data will then no longer be permitted.

To ensure that even smaller businesses can prepare for the full transition in good time, if necessary, it is strongly recommended that they draw up a forecast of their expected turnover for 2026 well in advance.




**Which transactions are affected by the e-invoicing requirement?**
The obligation to issue an e-invoice generally applies to transactions between domestic businesses, provided that the service is procured for the recipient's business. The focus is therefore particularly on invoices in domestic B2B transactions.

The new regulations may also cover business transactions that are not always immediately associated with the e-invoicing requirement in day-to-day accounting. These may include, for example, credit notes, advance payment and instalment invoices, recurring payments, invoice corrections or certain reverse-charge situations.

However, not all invoices must necessarily be issued as e-invoices. Statutory exemptions apply in particular to small-value invoices up to 250 euros, to travel tickets and to certain tax-exempt transactions.

In practice, it is therefore advisable to carefully review one's own business transactions. What matters is not only the technical ability to generate e-invoices, but also the correct assessment of which transactions are actually subject to this obligation.

**Further clarifications from the tax authorities**
In a circular dated 15 October 2026, the Federal Ministry of Finance (BMF) clarified further points of uncertainty regarding the practical application of e-invoicing. These clarifications are particularly relevant to the structure of the structured invoice data record.

Accordingly, tax-relevant information must, as a general rule, be included in the structured data of the e-invoice. This applies in particular to the description of the service invoiced.

A description of the service contained exclusively in an attached PDF file or other annex may therefore be problematic if the structured data set itself does not allow for a sufficient assessment of the invoiced turnover.

However, the tax authorities will not object to e-invoices issued up to the end of 2026 that comply with the BMF circulars of 2024 and 2025, even if they do not yet meet the additional requirements of the new circular. This also applies to input VAT deduction.

Companies should therefore check how their ERP, inventory management and invoicing systems reflect details regarding the nature and scope of the service, as well as the date or period of performance, within the structured invoice data.

**Invoices for advance payments, instalments and final payments**
The regulations are of particular practical importance for long-term service relationships. This applies, for example, to projects where invoices for instalments or advance payments are issued initially, followed later by a final invoice.

There are concessions for advance payment, prepayment and instalment invoices, provided these were lawfully issued before the company's own obligation to issue an e-invoice came into effect.

The mere fact that the final service or payment takes place at a later date does not necessarily mean that invoices already issued must be reissued retrospectively as e-invoices.

The tax authorities also provide for transitional relief in relation to final invoices. Businesses with complex billing structures should consider these issues separately and, in particular, check whether the software they use is technically capable of displaying the required information accurately.

**The significance of e-invoicing for input VAT deduction**

The transition is not merely a matter of digitising accounting processes. It also has implications for VAT.

In future, therefore, businesses should not only check whether the general details on incoming invoices are complete and accurate.
They must also assess whether the issuer was obliged to issue an e-invoice and whether the invoice transmitted meets the applicable requirements.

The tax authorities distinguish between three types of errors in e-invoices: format errors relate to technical processing. Business rule errors are inconsistencies within the invoice data, such as when the tax amount, tax rate and net amount do not match. Content errors occur when mandatory details are missing or incorrect.

Depending on the type of error, there may be different implications for input tax deduction. For example, input tax deduction is ruled out if a mandatory e-invoice is not recognised as such due to a format error, or if essential mandatory details – such as the tax number or the description of the service – are missing or incorrect. By contrast, errors relating purely to business rules generally only jeopardise the input tax deduction if they result in incorrect or missing mandatory details.

This means that checking the invoice format – as part of a proper invoice receipt process – takes on even greater importance.

**Retention of e-invoices**

There are also specific requirements regarding archiving. An e-invoice cannot simply be printed out or converted into a PDF file and retained exclusively in that form. Rather, the original electronic file or the structured invoice data record is what counts.

The data must be stored during the 8-year statutory retention period in such a way as to ensure its proper retention and machine-readability. Companies should therefore check whether their document management and archiving systems meet these requirements.

This applies in particular to hybrid formats such as ZUGFeRD. In addition to the human-readable representation, the structured data component is of crucial importance here.

**Conclusion**

From 1 January 2027, a crucial phase for e-invoicing will begin. Companies with a total turnover exceeding 800,000 euros in 2026 must prepare to issue e-invoices as a matter of principle for domestic B2B transactions covered by the statutory regulations. Smaller businesses, in particular, are entitled to a further year's transition period before the general turnover-based transition arrangement expires on 1 January 2028.

The transition should not be reduced to merely selecting a suitable invoice format. It affects the entire process – from creation and transmission, through invoice verification and processing, to proper archiving. Particularly in light of the stricter requirements coming into force from 2027, it is advisable to review existing processes now at the latest and to implement the necessary technical and organisational adjustments in good time.

Particular attention should be paid to more complex issues such as ongoing services, advance and instalment invoices, final invoices, credit notes, invoice corrections, as well as rental, leasing or construction services. Changes to procedures should also be clearly documented in the existing procedural documentation.

## Do you have any questions on this topic?

Do you need help with e-invoicing? Simply get in touch with our local experts. They will be happy to explain our range of services to you.

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