X–INVOICE — ELECTRONIC INVOICING TO BECOME MANDATORY

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On the basis of § 4a (3) of the E-Government Act, the E-Invoicing Ordinance [E-Rechnungsverordung (E-RechV)] passed on 6 September 2017, invoices in the sense of § 1 of the E-RechV are, in principle, to be issued and transmitted in electronic form [X-invoice (XRechnung)] after public procurement contracts have been fulfilled. In accordance with § 2 (4) of the E-RechV, the recipients of such invoices are all bodies listed in § 159 (1) No. 1 to 5 of the German Act against Restraints on Competition [Gesetz gegen Wettbewerbsbeschränkungen (GWB)]. The duty to invoice in an electronic format pursuant to § 3 of the E-RechV is to go into force for all invoicers as defined by § 2 (3) of the E-RechV as of 27 November 2020.

Exemptions from the duty to invoice electronically under E-RechV are for those invoices:

· that fulfil a direct order up to EUR 1,000 (net),

· that are subject to exemption rules as specified in § 8 or § 9 of the E-RechV or

· that invoice procedures related to transferring duties to another body as stated in § 159 (1) No. 5 of the GWB.

Owing to the federal structure of Germany, the federal states are responsible for implementing the ordinance at the state level. A current overview of the status of this implementation by the federal states can be gained at the Association of Electronic Invoicing [Verband elektronische Rechnung (VeR)].

BACKGROUND

The basis for implementing the X-invoice standard was the Directive 2014/55/EU for electronically invoicing public engagements enacted by the EU Commission on 16 April 2014. The objective of this Directive was to lay a reliable and uniform basis for exchanging invoices electronically. More transparency is to be gained by standardising and automating the procedure, and in addition, costs can be saved by no longer having paper-based invoices.

Therefore all companies invoicing public engagements as defined above are facing the need to implement this standard. Internal company invoicing processes as well as technical systems are accordingly to be modified in order to be able to gather the additional information required and to prepare invoices in the required format or, as an alternative, to use conversion tools.

Also the suppliers of ERP and inventory control systems are affected by the conversion to the X-invoice: Users will expect their software to offer the required functions for preparing as well as transmitting electronic invoices. For ERP systems such as SAP, Oracle NetSuite, Microsoft and Sage, solutions (add-ins) for preparing the X-invoice standard are already at their disposal. Also conversion tools based on a "classic" invoice pepped up with the additional information required for an X-invoice are available on the market.

THE ELECTRONIC INVOICE IN THE MEANING OF THE DIRECTIVE

Article 2 of the EU-Directive 2014/55/EU defines the electronic invoice as "an invoice that is prepared, transmitted and received in a structured electronic format in order to make automated and electronic processing possible". A PDF document sent by email does not produce an electronic invoice in the sense of this Directive since such a document cannot be automatically processed.

IMPLEMENTING THE EUROPEAN NORM AT THE NATIONAL LEVEL — THE X-INVOICE

For the technical implementation, the European Committee for Norms [Comité Européen de Normalisation (CEN)] published the norm EN 16931 on 28 June 2017. This contains a guideline for a uniform data format. Based on this guideline, the X-invoice was developed to order and set as a standard by the IT Planning Council of technical experts from the federal, state and local governments in Germany. The data model of the X-invoice is compatible with the EU data model and contains all of the relevant data required for an invoice in the form of an XML file. The first version of the X-invoice standard appeared in November 2017. The X-invoice standard is continually being updated; the valid version of the standard in August 2020 was 1.2.2.

Documenting the preparation and implementation of invoices in accordance with the X-invoice standard is free of charge. The format can be implemented in a technically neutral way in IT solutions. The requirements for the integrity and consistency of invoicing data are set in the form of implementation regulations (business rules) in norm EN16931. The technical means for testing the accuracy of the syntax of an invoice are available at the Coordination Office for IT Standards [Koordinierungsstelle für IT-Standards (KoSIT)].

CONTENT OF THE X-INVOICE

The content for the X-invoice is to be designed as follows: Along with the required VAT information as specified in § 14 of the Value Added Tax Act [Umsatsteuergesetz (UStG)] as well as all other components of an e-invoice pursuant to § 5 of the E-RechV, the X-invoice is also to contain banking details, payment conditions and an e-mail/ DE-mail address. If the order number and the supplier number are disclosed by the recipient before the invoice is issued, these must also be listed in the invoice. In addition, the X-invoice is to contain a so-called routing identification number with which the invoice recipient can be clearly identified.

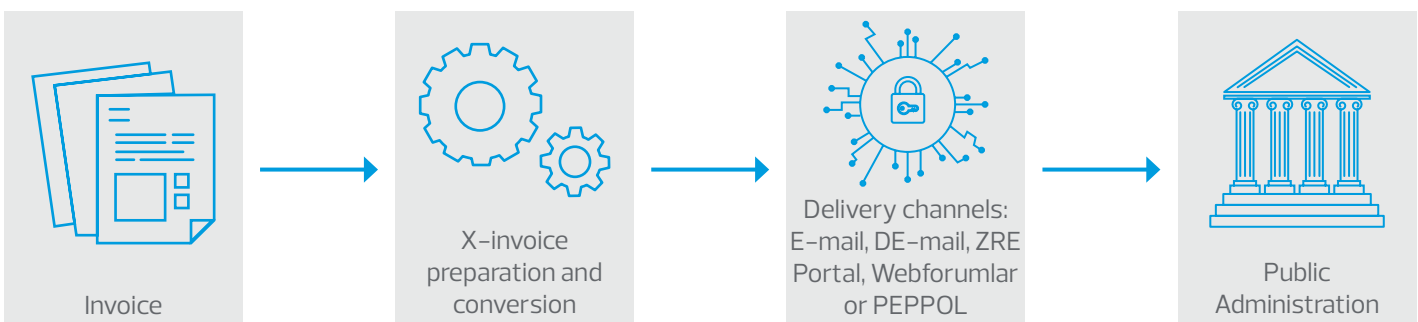In Germany invoices can be transmitted by various communication channels.

| Invoice | X-invoice preparation and conversion | Delivery channels: E-mail, DE-mail, ZRE Portal, Webforumlar or PEPPOL | Public Administration |

Illustration 1: X-invoice Data Exchange

TECHNICAL INFORMATION ABOUT THE X-INVOICE

As specified in norm EN16931, an electronic invoice must have a structured (semantic) data model according to an approved syntax. The following has been approved by the CEN:

· Universal Business

· Universal Business Language (UBL)

· UN/CEFACT Cross Industry Invoice (CII)

The semantic is to describe the technical specification (meaning of the content) for the information required.

SUMMARY

The new national X-invoice standard will simplify the electronic exchange of invoices between public administrations and contractors and suppliers. The automated processing of invoices will shorten processing time and create more transparency. In addition, costs will be saved by eliminating postal delivery. Owing to the current deadline, the companies affected should act quickly in order to ensure a successful implementation in due time.

For further Information, please contact Mr. Wilfried Knöpfle (wilfried.knoepfle@rsm.de) or Ms. Katja Leinweber (katja.leinweber@rsm.de)

The federal states are responsible for conducting the application procedure.

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