

ANALYSIS OF THE BMF DRAFT

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Foreword

With the new draft of the BMF letter on mandatory eInvoicing, the goal of uniform, digital invoice processing in Germany is once again a big step closer. Companies now have more clarity and guidance for the practical implementation of the legal requirements—for example, through more precise specifications on the obligation to issue invoices, the technical implementation of formats, and the conditions for input tax deduction. At least, that is what the Federal Ministry of Finance promises in its accompanying text.

For the first time, it is clearly stipulated that the e-invoicing obligation also applies to small businesses and tax-exempt companies. In addition, the letter clarifies that e-mails will (initially) remain a permissible means of transmission and that no special mailboxes are required. At the same time, companies are expected to create the technical conditions for receiving electronic invoices. Those who are not (yet) in a position to do so will soon be unable to demand an alternative form of invoicing as the e-invoicing obligation for the German economy is gradually implemented.

The BMF also provides more clarity on technical details: In addition to XRechnung, extensions that can map the specific requirements of individual industries will also be taken into account. In hybrid formats such as ZUGFeRD, the structured XML data record always takes precedence over the image part. The archiving requirements have also been clarified once again – archiving outside GoBD-compliant systems is possible provided that the immutability of the data is guaranteed.

It is unfortunate that, despite this progress, the letter remains cautious on one key point. The question of the future digital reporting system, which is the actual goal of the eInvoicing requirement, remains unanswered. Strategically important aspects such as interoperable platform and network models have also not been addressed. These are all concerns that industry associations such as the Association for Electronic Invoicing (VeR) have expressly addressed.

For companies and their IT partners, the new BMF letter is nevertheless a decisive step. It creates the basis for implementing legal requirements in a legally compliant and future-proof manner and actively shaping the digital transformation of their own invoicing processes.

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The most important changes in the BMF draft on mandatory e-invoicing

Overview:

The draft introduces numerous adjustments that clarify the handling of e-invoices from 2025 onwards. Below are the key points, each with an assessment of whether it is a genuine change, whether it is a clarification, and how significant the impact will be on business practice:

- **Extended obligation to receive e-invoices for all businesses:**

Klarstellung / Präzisierung

hoher Impact



From 2025, all businesses – including small businesses, farmers, foresters, and businesses with exclusively tax-exempt transactions – will be required to be able to receive and process e-invoices. Previously, this point was not clearly regulated. The clarification now clearly defines the scope of the new regulations.

Email remains a permissible transmission method:

Präzisierung

mittlerer Impact



Companies do not need a special email inbox to receive e-invoices. A regular business email inbox is sufficient. Those who are not (yet) technically capable of receiving e-invoices can no longer request an alternative invoice format. This regulation has been clarified, but does not change the previous principles significantly – however, it does provide planning security.

Technical requirements & use of extensions:

Neuerung / Präzisierung

mittlerer Impact



In addition to the XRechnung standard, so-called extensions are expressly permitted for the first time, which can be used to cover industry-specific requirements. This ensures greater flexibility in digitization and, above all, gives special industries new scope.

All mandatory information must be machine-readable in the structured data section:

Präzisierung

hoher Impact



All mandatory information required for VAT purposes must be complete and machine-readable in the structured section of the e-invoice. References to attachments or supplementary information in unstructured form will no longer be sufficient in the future. This will bring about major changes for companies that have previously worked with attachments or additional PDFs, particularly in terms of automation and verification.

Priority of the structured format for hybrid invoices (e.g., ZUGFeRD):



Präzisierung

mittlerer Impact

- The following applies explicitly to hybrid formats: In case of conflict, the structured XML data record always takes precedence over the PDF image. This clarification increases legal certainty and reduces sources of error in the process.

Handling format errors – and consequences for input tax deduction:



Neuerung / Präzisierung

hoher Impact

Invoices that are not considered valid e-invoices due to format errors will in future be treated as “other electronic invoices” – with the consequence that input tax deduction is excluded (unless transitional provisions apply or a correction is made). This rule is new and has significant implications for accounting and compliance.

Archiving also possible outside GoBD-compliant systems:



Klarstellung / Präzisierung

mittlerer Impact

A new feature is the explicit permission to archive e-invoices outside a GoBD-compliant system, provided that immutability and traceability are guaranteed. This makes things easier in practice, especially for small businesses, and also provides greater legal certainty in this area.

Federal Audit Office warns of delays in digital reporting system

The Federal Audit Office (BRH) is the independent supreme audit institution for the federal government's budgetary and economic management. Its task is to critically examine the use of tax revenues and to point out weaknesses, inefficiencies, or risks—always with the aim of ensuring economy, transparency, and fairness in government action.

In its latest supplement (published on May 5, 2025) to its 2024 budget comments, the BRH highlights various examples where, in the auditors' view, tax revenues were not used in a targeted or effective manner. The tax and spending watchdogs pay particular attention to the fight against VAT fraud: The BRH criticizes that Germany is increasingly at risk of falling behind in the digitization of tax control in international comparison. While other EU states have already introduced modern reporting systems or are implementing them rapidly, the establishment of a national reporting system for e-invoicing and the implementation of the European ViDA requirements are progressing only very slowly in Germany.

In the opinion of the Federal Audit Office, without effective digital control systems, the already numerous cases of sales tax fraud and evasion could increase—and fraudulent activities could increasingly shift to Germany. In its comments, the BRH explicitly states that, in its opinion, the Federal Ministry of Finance (BMF) is not acting decisively enough to further develop key control instruments such as cash register inspections or the planned national reporting system.

Against this backdrop, the Federal Audit Office urges that the introduction of the reporting system be pursued consistently and in a structured manner in order to ensure tax fairness, competition, and trust in state institutions in the long term.

The most important findings and recommendations of the BRH at a glance:

Risk of falling behind in the fight against VAT fraud:

The Federal Audit Office sees a risk that Germany could fall behind in international comparison because other EU member states have already introduced successful digital reporting systems to combat VAT fraud or are developing them specifically for this purpose. The lack of a national reporting system could lead to the German tax authorities becoming less effective in the fight against VAT fraud.

National and European requirements:

According to the Federal Audit Office, a functioning national reporting system is considered essential for effectively combating VAT fraud. In accordance with EU requirements, this system should be ready for use in sync with the European ViDA reporting system by July 1, 2030, at the latest. This requires the gradual introduction of mandatory e-invoicing from 2025, which will serve as the technological basis for automated data transmission.

Potential and benefits of a digital reporting system:

The Federal Audit Office sees the potential of a modern reporting system to provide the tax authorities with comprehensive digital insight into business relationships and revenue flows between companies for the first time. This would not only enable faster and more targeted fraud prevention, but also create the conditions for greater automation and less bureaucracy in the German tax system.

Major project risks and challenges:

In the opinion of the Federal Audit Office, there are currently considerable project risks. For example, there is no binding schedule, detailed implementation roadmap, or clearly defined milestones for the national reporting system. The project organization within the Federal Ministry of Finance is also not yet sufficiently regulated, as important responsibilities and accountabilities are still unclear.

In addition, there is a lack of reliable cost estimates and a legal basis, as necessary legislative changes and parliamentary involvement are still pending. In the view of the Federal Audit Office, the negative experiences with previous large-scale IT projects such as VIES show how important professional management and clear responsibilities are.

Recommendations of the Federal Audit Office:

The Federal Audit Office recommends immediate and binding time and project planning with transparent milestones and clear responsibilities. In addition, it considers timely clarification of all legal and financial issues and the early involvement of parliament to be necessary in order to put the project on a stable footing. Furthermore, the BRH emphasizes that the national reporting system must start in parallel with ViDA in order to avoid unnecessary multiple conversions for companies.

Warning about the consequences of a delay:

In conclusion, the Federal Audit Office points out that without rapid implementation and clear control, the risk of a competitive disadvantage for Germany as a business location will increase. There is a risk that VAT fraud from other EU countries will be shifted to Germany if digital control options are not created in time.

What does the criticism mean for the digital transformation planning of the companies affected?

Against the backdrop of these assessments by the Federal Audit Office, it is crucial that the current consultation phase is actively utilized. Thanks to TRAFFIQX®'s involvement in relevant associations and working groups, network members have the opportunity to pass on valuable practical experience and specific information on existing weaknesses directly to the BMF.

This gives you and us the unique opportunity to set the course for the timely, future-proof, practical, and secure implementation of the e-invoicing obligation and the reporting system. Together.