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E-invoices

New regulations on mandatory e-invoicing

The Federal Ministry of Finance (BMF) has supplemented its letter on the introduction of mandatory e-invoicing for B2B transactions between domestic companies. The letter dated 15 October 2025 clarifies and expands the requirements for e-invoicing and deals in particular with the **technical specifications** and the consequences of **format errors**.

Basic information on invoicing

When a business provides a **delivery** or other **service**, it is generally entitled to issue an invoice. An invoice must be issued if the service is **not** tax-exempt **under Section 4 Nos. 8 to 29 of the UStG** and one of the following cases applies:

- * The service is provided to another entrepreneur for their business.
- * The service is provided to a legal entity, even if it is not a business.
- * In connection with a **property**, a taxable service (work delivery or other service) is provided to a recipient who does not already fall under points 1 or 2.

Deadline for issuance:

An invoice must generally be issued **within six months** of the service being performed. In the case of advance or down payment invoices, the invoice must be issued within six months of receipt of the payment or partial payment.

E-invoicing obligation:

E-invoicing must be used for transactions between **domestic businesses**.

Who can issue the invoice?

An invoice can be issued:

- * By the entrepreneur providing the service themselves,
- * By an authorised third party who invoices on behalf of and for the account of the business (§ 14 (2) sentence 7 UStG),
- * By the recipient of the service (credit note in accordance with Section 14 (2) sentence 5 UStG).

Changes and additions in the BMF letter dated 15 October 2025

1. Format errors and their effects

An e-invoice that does not comply with the technical requirements of Section 14 (1) sentence 6 UStG will not be recognised as a valid e-invoice.

The invoice is then treated as **an other invoice** under the provisions of Section 14 (1) sentence 1 UStG. Format errors may occur if the invoice either does **not** comply with **the permitted syntax** or does **not** allow **complete and correct data extraction**. The file must comply with a structured format such as **XRechnung or ZUGFeRD**. A simple PDF is not sufficient if it does not contain the corresponding XML data structure.

2. Mandatory e-invoicing for credit notes and invoices

The regulations on **the mandatory use of e-invoices** apply not only to invoicing, but also to **credit notes** in accordance with Section 14 (2) sentence 5 UStG. This means that credit notes that are treated as invoices must also be issued in a **structured electronic format** in order to meet the requirements of Section 14 (1) sentence 6 UStG.

3. Small-amount invoices, small businesses and tickets

Invoices whose total amount does not exceed EUR 250.00 (small invoices), invoices from small businesses and tickets issued for the transport of persons may, by way of derogation from the obligation in Section 14 (2) sentence 2 number 1, 2nd half-sentence UStG, always be issued and transmitted as **other invoices**. This applies in accordance with the provisions of Section 33, sentence 4, Section 34(1), sentence 2, and Section 34a, sentence 4 of the UStDV.

4. Validation of e-invoices

Validation of an e-invoice checks whether the invoice meets the technical requirements and is correctly formatted. This validation assists the recipient in checking the invoice, but does not replace their obligation to check the invoice for **completeness and accuracy**. According to Section 15.2a (6) and 15.11 (3) UStAE, it remains the recipient's responsibility to ensure that all relevant information (e.g. tax rate, amount, service description) is correct and that the invoices comply with the necessary tax law requirements.

5. Legal consequences of format errors

No tax advantages: If a format error is detected, the invoice is considered an "other invoice" under the provisions of Section 14(1) sentence 1 UStG and does not meet the requirements of Section 14(1) sentence 6 UStG. These invoices are **excluded** from the **tax reliefs** associated with e-invoicing (such as input tax deduction).

6. Practical implementation

Companies should ensure that their **invoicing systems** and **archiving solutions** meet the new technical requirements. This can be achieved by implementing suitable **validation software** to check invoices before they are sent.



tax news



For income tax payers

Flat-rate taxation of the monetary benefit from a company fitness programme

A company with just under 300 employees had concluded a company fitness membership agreement with a gym since 2011. Under this agreement, the company's employees were entitled to use the health, fitness and wellness facilities. Remuneration was based on the number of employees at the employer. The company assumed that the monetary benefit for employees was **below the exemption limit of EUR 44.00** (Section 8 (2) EStG) per calendar month.



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Following an external income tax audit, the tax office assumed that the benefit in kind was subject to income tax, as it calculated it on the basis of the contractually agreed licences. The plaintiff, on the other hand, argued that the number of employees actually entitled to use the facilities was decisive, as there was no fixed licence allocation. The Lower Saxony Finance Court ruled in favour of the company (Ref. 3 K 10/24), stating that the valuation standard was the number of employees participating in the company fitness programme. Since the monthly exemption limit of EUR 44.00 was not

exceeded in the years in dispute (2012–2018), flat-rate taxation under Section 37b of the Income Tax Act (EStG) was not permissible. The decision is final.

For those liable for income tax

Flat-rate income tax for company events with a limited number of participants

In 2015, the plaintiff organised a **Christmas party for board members** and another for **managers** without their own operational division and did not subject the benefits granted to income tax deduction. The tax office rejected the requested **flat-rate taxation** under Section 40 (2) EStG and issued a supplementary tax assessment, which the Cologne Fiscal Court initially upheld. However, the Federal Finance Court ruled in favour of the plaintiff: for the application of Section 40 (2) EStG, it is irrelevant whether a company event is open to all employees of an organisational unit (Ref. VI R 5/22).

For VAT taxpayers

Federal Fiscal Court ruled on invoice requirements

The Federal Fiscal Court clarified that a document containing the issuer, recipient, service description, remuneration and separate VAT statement can be considered an "invoice" **even if no actual service** is being invoiced. If a mere payment document openly shows VAT and thus gives the impression of a service invoice, it can be considered an "invoice" in accordance with Section 14c (2) UStG – with the consequence that the issuer is liable for tax (Ref. XI R 4/22).

Although the **"demand letters"** did not contain an independent description of services in the case in dispute, they did refer to offers, orders, project names and "delivery dates". The decisive factor was that the open VAT statement in what was essentially a mere payment document was superfluous and contradictory and gave the impression of a service invoice. This meant that the risk of an unjustified input tax deduction could not be ruled out. Consequently, the "demand letters" are to be classified as **invoices within the meaning of Section 14c (2) of the UStG**.

Background

Anyone who shows a tax amount separately on an invoice even though they are not entitled to show the tax separately (unauthorised tax statement) owes the amount shown (Section 14c (2) sentence 1 UStG). The same applies if someone invoices as a supplier and shows a VAT amount separately even though they are not a supplier or do not perform a supply or other service (Section 14c (2) sentence 2 UStG).

VAT reduction for the catering industry as of 1 January 2026

The Federal Government is sticking to the **reduction in the VAT rate** for food in the catering industry to seven per cent on 1 January 2026, as agreed in the coalition agreement.

Legislation

Statutory minimum wage to rise in two stages

The Federal Cabinet has cleared the way for an **increase in the minimum wage**. In June 2025, the independent Minimum Wage Commission presented its proposals for adjusting the statutory minimum wage. The Federal Cabinet has approved the adjustments by decree, allowing them to take effect.

The Federal Government announced the following:

- * On **1 January 2026**, the statutory minimum wage will rise to **EUR 13.90 gross** per hour, and on **1 January 2027** to **EUR 14.60** gross per hour. This means that the minimum wage will initially increase by 8.42 per cent and by a further 5.04 per cent in the following year – a total increase of **13.88 per cent**.
- * The **mini-job limit** will also increase on 1 January 2026. It currently stands at EUR 556.00 gross per month. The statutory minimum wage also applies to mini-jobbers. To enable a working week of ten hours, the limit for marginal employment rises with each increase in the minimum wage. This ensures that working hours do not have to be reduced when the hourly wage increases.

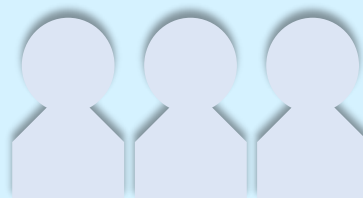
Other

Reduction in corporation tax from 2028

On 18 June 2025, the "Act on an Immediate Tax Investment Programme to Strengthen Germany as a Business Location" was published in the Federal Law Gazette and has been in force since 19 July 2025. Among other things, from **1 January 2028**, the **corporation tax rate** will be reduced from the current 15 per cent in five steps of one percentage point per year to **10 per cent in 2032** (Section 23 (1) KStG).

The reduction in the corporation tax rate necessitates the adjustment of other statutory provisions. These are to be implemented in a later legislative procedure (including adjustments to the capital gains tax procedure and tax deductions for persons with limited tax liability).

nhs* inside



New career in payroll accounting An interview with Kitty

What did you do before you joined nhs*?

I previously worked as an international payroll coordinator at a tax consultancy firm. I was the contact person for everything related to employees abroad. Before that, I was the in-house translator for an online-retailer and translated the product



descriptions for or all kinds of products. I studied multilingual communication with a focus on translation in Cologne. My first language was French and my second was Spanish. I grew up in an ice cream café run by my family in Aachen and I also managed the café for a while.

Why did you decide on a career in payroll accounting?

My old firm had a shortage of payroll clerks who were comfortable with English and willing to take on clients whose HR departments were not based in Germany. I also frequently attended international meetings because my colleagues didn't feel comfortable doing so. So I thought to myself: this is a real niche! I was already very familiar with the cultural and linguistic aspects. To learn the technical side of things, I completed the IHK advanced training course in wages and salaries and then further training in international tax law in accounting, which covered topics important for an international focus, such as secondments, shadow accounting, etc.

Do you have any tips for newcomers?

Just do it! And if possible, combine your previous knowledge with payroll. You should also be prepared for a few surprises. For example, I didn't know beforehand that income tax and social security have nothing to do with each other.

What distinguishes nhs* as an employer for you?

The flexibility offered here is really rare in tax consulting. I also really like the fact that there is no office requirement and that they trust you to do your work from home.

Finally, let's take a look away from the office: what is your dream travel destination? And which holiday destination have you enjoyed the most on your travels so far?

I would love to visit Cape Verde one day. It's an group of islands where Cesária Évora comes from. She is a fantastic singer, and I would love to see where such a talented person grew up. Of all the places I've travelled to so far, I liked New York City the best. I was there in 2014, and it was my first real long-distance trip with my mother. It was even better than I had imagined. I saw almost everything I wanted to see, and the *big city energy* is really great.

The nhs live*



Who let the dogs out?

After our walking challenge in the summer, we wanted not only to count our steps, but also to make them count for something: after all, for paws, claws and whiskers alike! Our donation went to the **Tier- und Naturschutzverein Hilden**, where our colleague Tanja volunteers. Siegfried and Bo gave us a warm welcome and took us on a short tour, giving us exciting insights into current projects. We are certain that our donation will go exactly where it is needed. Into good paws!

Mastering e-invoicing

Candis' digital invoice management system includes automatic invoice import, smooth approval and seamless transfer to accounting. Whether **ZUGFeRD invoices** or **XRechnungen** – with Candis, receiving, approving and audit-proof archiving of e-invoices is no problem. Data security is guaranteed by servers in Germany. As part of our partnership with Candis, we can offer you attractive preferential terms. Get in touch with us and contact Candis directly, quoting nhs*.

We would also like to recommend our **webinar recording**:

[View the webinar](#)

If you have any questions, please do not hesitate to contact the nhs* group.

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