



Bundesministerium
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der Finanzen

Introducing electronic invoicing in the federal administration

Information about invoicing in public procurement

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Background

The introduction of electronic invoicing (e-invoicing) is a decisive step forward for Germany's public administration in its efforts to expand e-government. In addition to enabling the digitisation of business documents, electronic invoicing makes it possible to standardise and (partially) automate processes.

This publication is intended for suppliers of goods and services to the federal administration. It contains information on invoicing in public procurement and the adoption of electronic invoices in the federal administration.

Legal basis

The European Union's Directive 2014/55/EU on electronic invoicing in public procurement entered into force on 26 May 2014. It requires all contracting authorities engaged in cross-border procurement to be able to receive and process electronic invoices. To meet this obligation, the E-Invoicing Act (*E-Rechnungsgesetz*) published on 10 April 2017 transposed the Directive into national law for federal authorities. The federal states are responsible for introducing electronic invoicing at state level: the implementing legislation defines when public-sector agencies are required to accept electronic invoices and whether suppliers of goods and services are required to submit them. The Coordination Office for IT Standards offers an overview of the status of implementation at state level at www.xoev.de/de/xrechnung.

The E-Invoicing Act gave supreme federal authorities and constitutional bodies until 27 November 2018 to comply with the e-invoicing requirements. Other authorities of the direct and indirect federal administration, the "sub-central contracting authorities" referred to in the Directive, had until 27 November 2019 to comply.

The law first of all addresses the receipt and processing of e-invoices. The Directive also calls for streamlining administration with the help of seamless electronic processing.

The E-Invoicing Ordinance (*E-Rechnungsverordnung*, E-RechV) adopted by the Federal Cabinet on 6 September 2017 specifies the requirements of the Directive in further detail. In addition, it requires those submitting invoices to do so in electronic form starting 27 November 2020. Section 3 (3) of the Ordinance makes exceptions to this requirement for direct contracts with a value of up to €1,000, for sensitive invoice data and for certain matters of the Foreign Service and other procurement abroad.

The Ordinance also specifies requirements for the invoice data model, which must conform to the XRechnung data exchange standard or another standard which complies with European standard EN 16931. Invoices must also contain information in addition to that required by the Value Added Tax Act (*Umsatzsteuergesetz*, UStG, Section 14). This additional information is described in the section "Implementation in the federal administration".

The Ordinance states that invoices must be transmitted using the federal administrative portal. This applies to those submitting invoices and to those receiving them. The transmission channels will be described in the following.

Advantages of electronic invoicing

Electronic invoicing provides advantages over paper-based invoicing and processing for both those submitting and those receiving invoices.

The Central Invoice Submission Portal (ZRE) and Invoice Submission Portal which complies with the Online Access Act (OZG-RE) have greatly simplified the process of submitting invoices to various federal authorities. Following one-time registration, contractors can use these portals to submit their invoices to every office of the direct and indirect federal administration. No bilateral agreements, such as those needed for electronic data interchange, are necessary.

Enterprises which generate large numbers of invoices can significantly reduce their costs, as they no longer need to print or send invoices by post. For invoice issuers, switching to e-invoicing also presents an opportunity to optimise and digitise other accounting processes as well.

With e-invoicing, it was possible to demonstrate that government authorities need less time and fewer steps to process invoices, speeding up the processing time and enabling faster payment of contractors, thereby improving their liquidity. Requiring e-invoicing has made it possible to process invoices electronically from start to finish, resulting in significant potential savings for the federal administration. Along with potentially reducing costs, the introduction of e-invoicing and digital technology can improve the quality of invoice processing as well: making the entire process electronic from start to finish increases transparency and improves the ability to track invoices within the organisation.

Electronic data records enable the automated entry of invoice data into the computerised system for federal budgeting, cash management and accounting (HKR

system); it is no longer necessary to enter such data by hand or by scanning invoices using text-recognition software. This reduces the likelihood of errors in data entry and improves data quality. E-invoicing makes it easier to delegate tasks and perform them anywhere and reduces processing times.

Advantages for invoice issuers

- Simpler invoicing
- Shorter processing times
- Potential to reduce postage costs

Advantages for invoice recipients

- Optimised processing of invoices
- Improved data quality
- Potential to reduce invoice processing costs
- Possibility to process invoices decentrally

Implementation in the federal administration

As defined in Directive 2014/55/EU, an electronic invoice is an invoice that has been issued, transmitted and received in a structured electronic format which allows for its automated and electronic processing. An electronic invoice must therefore provide all relevant data in a structured format.

An image file, a PDF without an integrated data record or a scanned paper invoice does not meet this requirement and so by definition does not constitute an electronic invoice.

XRechnung standard

The XRechnung standard was developed in a joint federal-state steering project and is the national version of the European standard EN 16931, sponsored by both the federal and state governments. Designed purely as a data format, XRechnung enables invoice data to be imported

into the processing systems directly and seamlessly. The structured XML data record is intended first of all to ensure machine-readability. XML viewer software can render the data record readable for human users.

XRechnung is intended to standardise the handling of electronic invoices in public administration. It is an open-source standard maintained by the Coordination Office for IT Standards (KoSIT) which is available free of charge and adaptable to future needs. Different standards for electronic invoicing may be used as long as they meet the requirements of the European standard, the terms of use for the invoice submission platforms and the requirements of the federal E-Invoicing Ordinance. All information about the XRechnung standard can be found on the KoSIT website www.xoev.de/de/xrechnung (in German only).

Content of an electronic invoice

In accordance with section 5 of the federal E-Invoicing Ordinance (and in addition to what is required by section 14 of the Value Added Tax Act), an electronic invoice must include at least the following information:

- the buyer reference of the invoice recipient
- the applicable terms of payment (or the date by which payment is due)
- the bank account details of the invoice issuer
- the De-Mail or email address of the invoice issuer

An electronic invoice must also include the following information if it was provided by the contracting authorities when awarding the contract:

- an invoice number
- a supplier number

A specific field is provided for each item of additional information. The contracting authority and contractor can include in the contract any additional information to be provided in the invoice.

The federal invoice submission portals

To implement e-invoicing in the federal administration, two electronic portals for submitting e-invoices have been set up:

- the Central Invoice Submission Portal (ZRE)

and

- the Invoice Submission Portal which complies with the Online Access Act (OZG-RE).

When awarding a contract, the contracting authority will inform the supplier/invoice issuer which portal or channel should be used for submitting e-invoices. The terms of use for the relevant invoice submission portal apply.

The ZRE and the OZG-RE are the link between invoice issuers and the federal administration. The ZRE can be found at

ZRE: <https://xrechnung.bund.de>

and the OZG-RE at <https://xrechnung-bdr.de>

One-time registration is necessary to use the platforms. When registering, invoice issuers can also select their preferred

Buyer reference

The buyer reference is a unique identifier of the contracting authority. It ensures that the e-invoice is sent to the correct authority and automatically forwarded within the portal.

The contracting authority gives the invoice issuer the buyer reference when awarding the contract. The buyer reference can also be centrally accessed on the portal at any time.

transmission channel and save it in the system.

The invoice issuer can choose from five channels for transmitting e-invoices:

- web submission (available)
- upload (available)
- email (available)
- web service using Peppol (available)
- De-Mail (in development)

The following sections describe the requirements for and advantages of using the different channels.

Web submission

This channel is especially suitable for enterprises which do not generate many invoices and either do not use software for outgoing invoices or use software which does not create electronic invoices compliant with the EU standard.

The invoice issuer enters the invoice data manually in a web form provided by the portal and then sends the form to the recipient. The portal provides a valid e-invoice in XML format for the invoice issuer to download for archiving purposes.

Note: The portals do not provide an auditable archive for invoice issuers. The e-invoice in XML format must be archived by the supplier or invoice issuer.

Upload

This channel is relevant for those who produce e-invoices compliant with the EU standard but cannot or do not wish to send them via the transmission channels offered. The option of manually uploading an invoice requires users to register and activate the transmission channel.

Transmission via De-Mail or email

Transmission via De-Mail and email requires that invoice issuers are able to generate a valid electronic invoice using their own software.

After the De-Mail or email transmission channel is activated, the invoice issuer is given the address to which the invoice should be sent. Invoice issuers must also register their own address, as only messages from known senders can be processed.

Web service using Peppol

Both the ZRE and OZG-RE platforms offer the option to send invoices using web service and transmission via the Peppol network. There are three different ways to submit e-invoices using Peppol:

1. with an existing Peppol service provider (subject to a fee)
2. with web service via the federal Peppol (free of charge)
3. by joining OpenPEPPOL (subject to a fee) and setting up one's own Peppol access point

To be able to track the status of invoices submitted using Peppol, the Peppol transmission channel must be activated in the ZRE user account, and the Peppol participant ID used to transmit the invoice must be saved in the system.

Peppol

Pan-European Public Procurement OnLine, or Peppol, defines a standard for the secure exchange of documents between different systems. Standardised processes, a standardised “business language” and technical specifications ensure the necessary interoperability between enterprises and authorities for the electronic processing of purchasing, delivery and tendering.

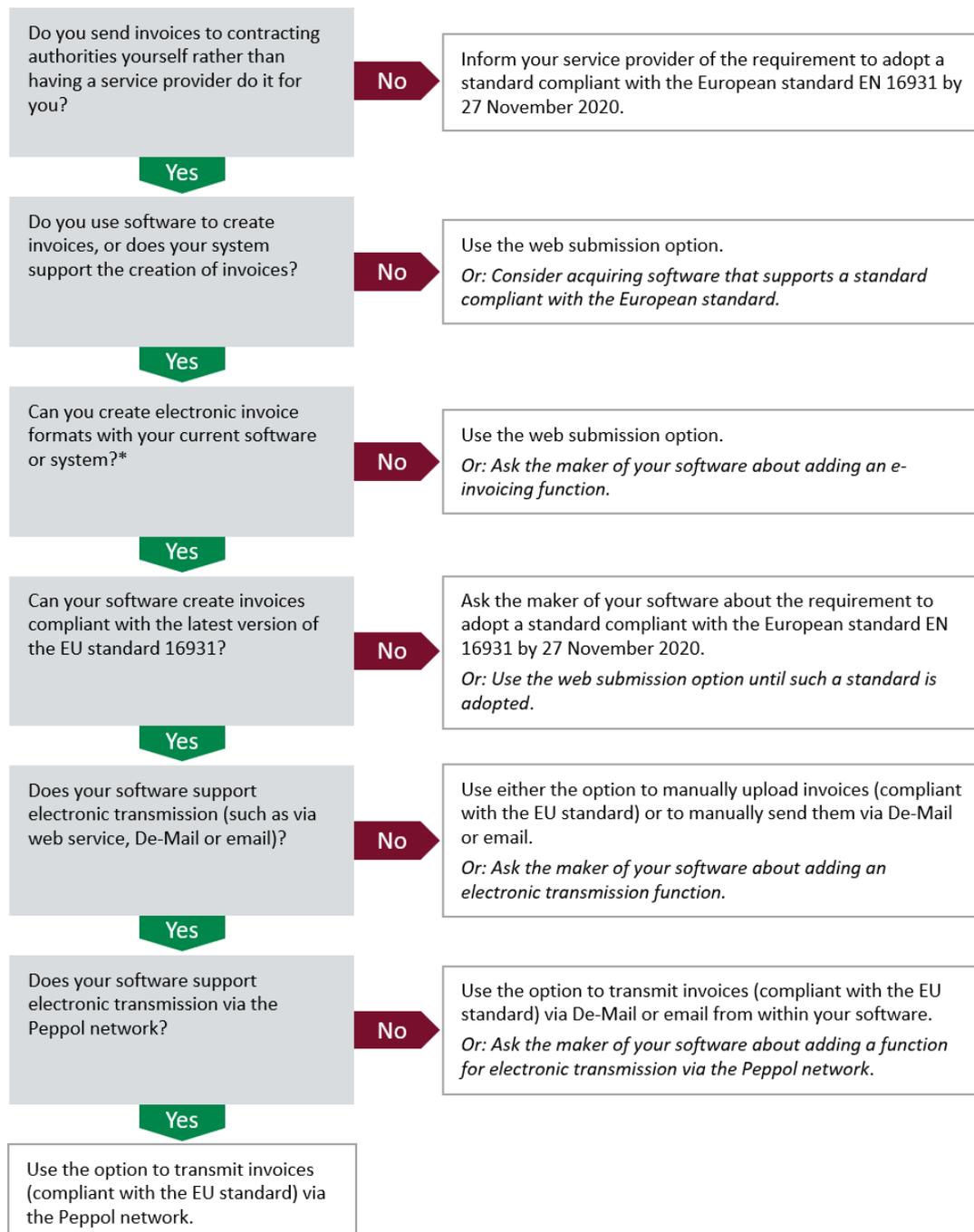
In technical terms, Peppol is based on a 4-corner model. By connecting to any Peppol access point, an invoice sender can join the network and communicate with all other participants. The sender makes up the first corner of the model. The same principle applies to all parties in the network: the potential recipient of a message becomes the next corner. The recipient must also be connected to an access point. The two access points constitute the remaining corners and are responsible for the secure transmission of the information.

A list of all access points can be found on the official Peppol website at <https://peppol.eu>.

Annex

Choosing a transmission channel

Figure 1: Choosing a transmission channel



* This refers to data formats containing structured invoice data.