

E-INVOICING

How Germany's Changing E-Invoicing Regulations are Opening the Doors for Digital Transformation

ESKER®

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German businesses are quitting paper – this time for real

Digital document exchange technology – like EDI – has been around since at least the 1960s, but recently, e-invoicing for B2B transactions has gotten another significant push.

Partially for consumer transparency purposes, and partially to combat tax fraud, Germany passed the Wachstumschancengesetz (Growth Opportunities Act) in 2024, which makes issuing e-invoices for domestic B2B transactions mandatory. The phase-in of the regulations starting in January 2025 prepares the German economic market for ViDA (VAT in the Digital Age), a legislative package by the European Union to modernize and standardize VAT reporting.

Since similar initiatives are emerging in many other European countries, addressing compliance requirements for internationally active businesses is becoming urgent.

Apart from simple compliance, digitalizing a business' invoicing process has the potential to make the long-overdue shift to machine-readable data while also creating the opportunity to introduce automation.

Together, the benefits include:

- Higher efficiency
- Better data quality
- More transparency for both the business and consumers
- Risk mitigation
- Preparation for future regulatory developments

From explaining the fundamental elements of e-invoicing regulations to providing easy-to-follow recommendations for how to implement invoicing automation, we are hoping to provide you with everything you need so that your business can navigate the changing situation in Germany and beyond. Whether you're looking to understand the fundamentals of e-invoicing regulations or seeking practical steps to automate your invoicing processes, this ebook provides the insights and guidance you need to confidently navigate the changing regulatory landscape.

What is ViDA, and what does it mean for your business?

Due to the increase of e-invoicing regulations for B2B commerce across Europe and beyond, the regulatory landscape is currently looking a little complicated. However, the EU is trying to ease this complexity with the ViDA (VAT in the Digital Age) initiative to modernize how VAT is collected and administrated.

A central pillar of this reform is a Europe-wide digital VAT reporting system.

The objective is to ensure the digital, automated and standardized reporting of VAT-related data through uniform, real-time electronic submissions to tax authorities. The EU intends to roll out this harmonized reporting framework starting in 2030.

Key features of ViDA

- Streamlines VAT compliance through standardized digital reporting and automated tax administration processes
- Establishes structured, EN 16931-compliant e-invoices as the foundation for VAT reporting
- Improves transaction visibility and reporting accuracy, helping authorities detect and prevent VAT fraud more effectively



Overview of the new e-invoicing regulations in Germany

Let's break down how electronic B2B invoicing works in Germany and the regulations that apply – or will soon apply – to businesses:

- The new law applies to all companies subject to VAT in Germany.
- Compliant e-invoices are exchanged directly between suppliers and customers, although 3rd party service providers may be involved on either side. This latter option is called the "4-corner model".

The three implementation stages:

1. January 1, 2025:

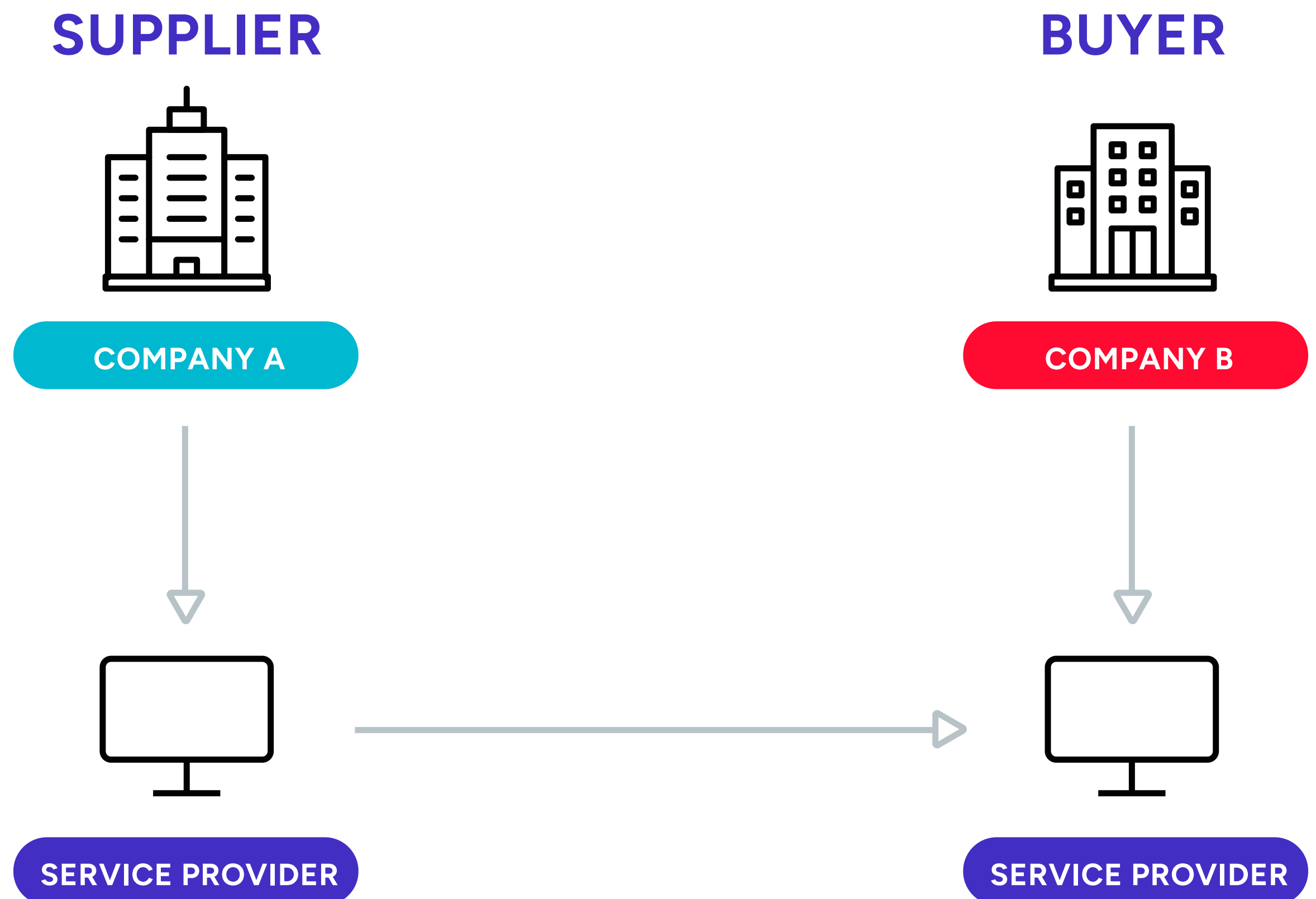
All companies must be able to receive compliant e-invoices.

2. January 1, 2027:

Companies with an annual turnover exceeding €800,000 must send compliant e-invoices.

3. January 1, 2028:

All remaining companies must send compliant e-invoices.



What makes an e-invoice “compliant”?

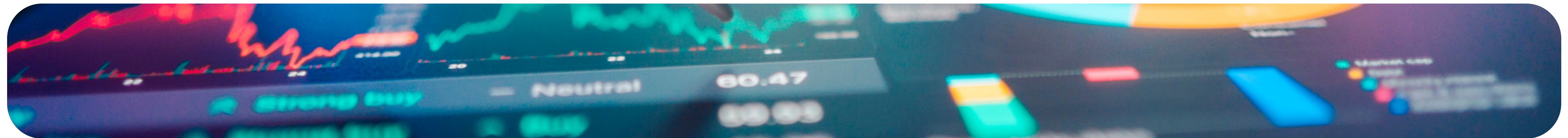
To meet the compliance requirements of the EN 16931 standard published by the European Committee for Standardization (CEN) in 2017, an e-invoice in Germany must adhere to one of these structured formats:

XRechnung:

Is a machine-readable-only XML format, and with its high standardization capacity, it is also used for B2G (business-to-government) invoicing.

ZUGFeRD:

Is a hybrid format (PDF/A 3 + embedded XML), meaning it is both human and machine readable, and is widely used by SMEs.



PDF formats are not compliant with the EN 16931 standard. Since January 2025, these are merely considered “other invoices” and will no longer be considered compliant after January 1, 2028.

How are invoices transmitted?

Currently, no centralized platform exists for e-invoice transmission. Instead, sender and recipient must agree on the transmission method.

In short, this means that businesses will need to transition their processes to support both inbound and outbound e-invoices.

Global e-invoicing compliance simplified with Esker

Esker helps companies manage e-invoicing requirements for both incoming and outgoing invoices through a fully compliant end-to-end cloud platform.

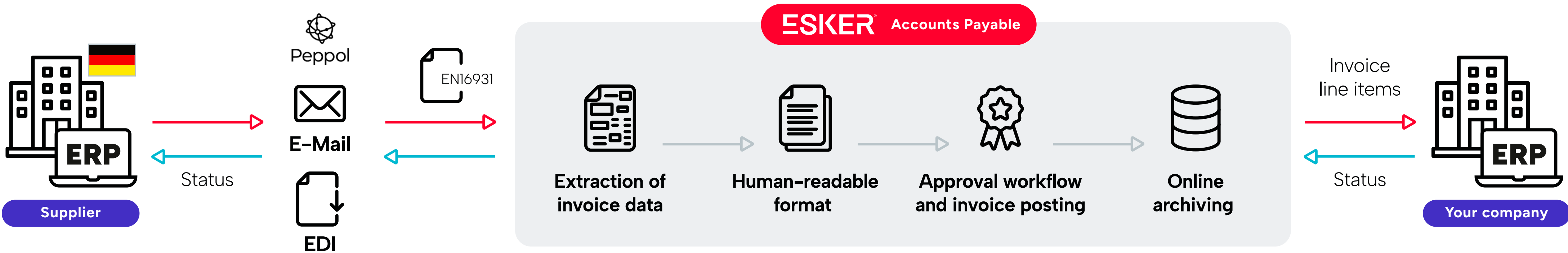
Esker supports compliant e-invoicing in more than 60 countries by adapting to a wide range of digital formats, archiving requirements and compliance models, including postaudit and clearance (CTC) systems. With dedicated teams monitoring regulatory developments worldwide, Esker helps ensure that new rules and requirements are implemented seamlessly.

Leveraging Esker's international expertise and scalable platform, organizations can manage multiple e-invoicing, tax reporting and CTC obligations across countries more efficiently, reduce regulatory risk, and accelerate their digital transformation.



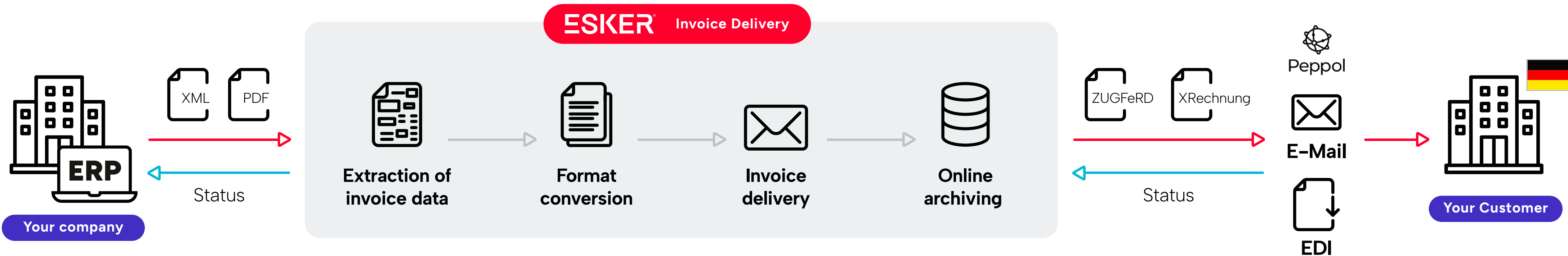
Esker Accounts Payable

Esker Accounts Payable automates every stage of supplier invoice processing, from invoice receipt to ERP posting. By eliminating manual tasks and streamlining workflows, it reduces errors, improves operational efficiency, and helps companies meet payment deadlines while minimizing financial risks.



Esker Invoice Delivery

Esker Invoice Delivery automates the delivery and archiving of invoices across multiple channels according to customer preference, while ensuring compliance with local regulations. By eliminating manual processes and experiencing real-time visibility into delivery status, companies can reduce errors, accelerate payment collection, and improve cashflow.



Ease into the digital transition with cloud platforms

On-premise or legacy ERP-integration software is increasingly underequipped to handle the complexity of e-invoicing processes, since the structured invoice format requirements introduce new demands on business systems.

These demands include:

- Handling disparate reference data across multiple ERPs
- Ensuring compliance and validation procedures
- Managing secure digital archiving
- Supporting high-volume processing
- Integrating multi-national operations

A cloud-based solution offers significant advantages, including scalability, flexible integrations, automatic updates, and support for international standards.

SaaS platforms provide multiple advantages for transitioning to e-invoicing:

Agility

Centralized updates enable fast adaptation to evolving regulatory changes and eliminate costly ERP customizations.

Standardization

Built-in support for XRechnung, ZUGFeRD, and other formats ensure compliance across different countries and regions.

Reduced IT effort

Minimized complexity of IT infrastructure facilitates scalability.

Audit-readiness and data security

Automated processes feature tracking, reporting, and data security capabilities.

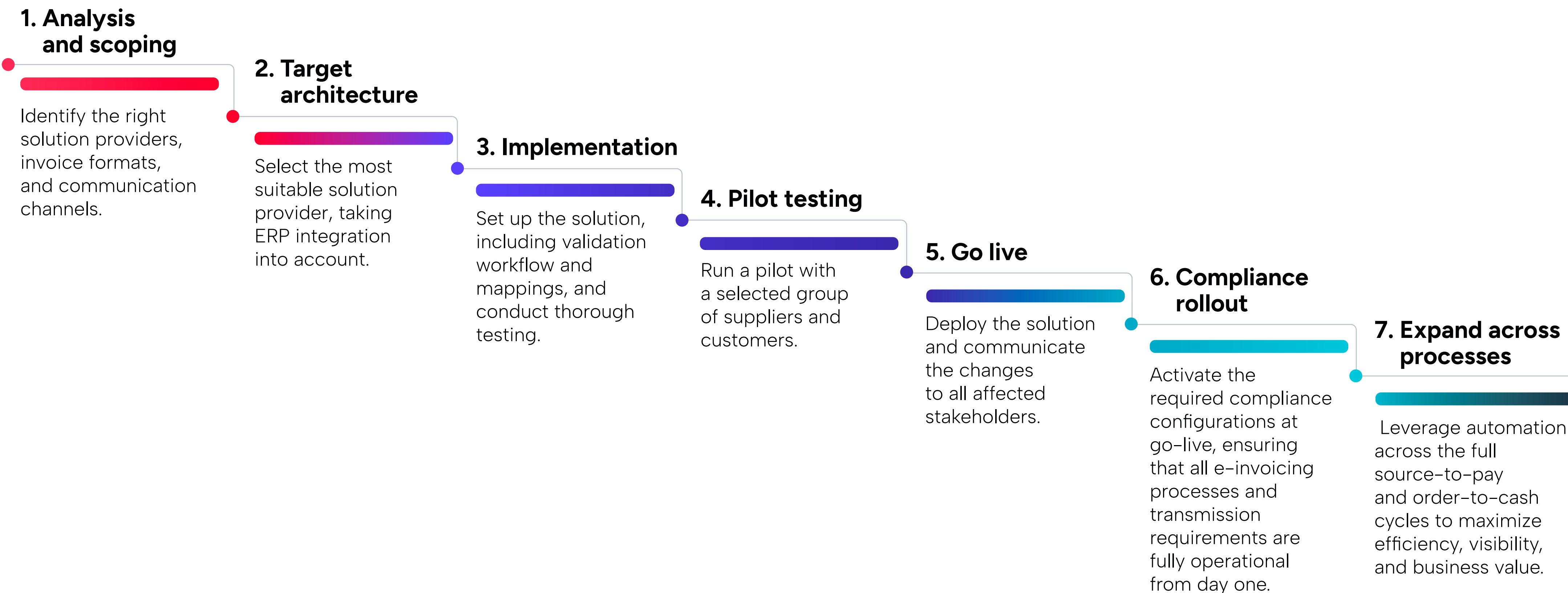
Operational efficiency

Eliminating manual processes and IT overhead reduces costs and allows for more effective resource allocation.

How to successfully transition to e-invoicing

E-invoicing isn't just about meeting regulatory requirements. It can also serve as a motivational tool to modernize how Finance and Accounting teams operate.

To help ensure a smooth and successful transition, the transformation journey can be structured into seven phases:



Beyond compliance: end-to-end automation powered by AI

E-invoicing delivers far more than regulatory compliance. By transforming invoice data into a structured, machine-readable format, organizations can automate processes, improve decision-making, and gain greater visibility across the business. When combined with AI-powered automation, e-invoicing becomes a catalyst for operational efficiency, financial control, and business growth.

Source-to-Pay

From procurement to payment, structured invoice data enables organizations to:

- Automate invoice processing with touchless workflows and intelligent validation
- Reduce maverick spending and operational costs through real-time analytics and reporting
- Improve data accuracy, visibility, and compliance across complex multi-ERP environments
- Accelerate approvals and strengthen control over supplier-related processes

Order-to-Cash

A faster, more efficient order-to-cash cycle helps improve cashflow and optimize working capital. Organizations can:

- Accelerate invoice creation and delivery to reduce billing delays
- Enable faster, more accurate payment allocation and collections management
- Increase visibility into customer information across Credit Management, Customer Service, and Sales teams
- Improve cash forecasting and support more informed financial decisions

By combining e-invoicing with AI-driven automation, organizations can streamline financial operations, enhance business performance, and unlock value well beyond compliance.



Risks of delaying your e-invoicing project

Postponing your e-invoicing initiative can expose your company to both compliance and operational challenges, including:

- Rejected invoices and disrupted business relationships due to non-compliance with regulatory requirements
- Increased pressure on Finance and IT teams as implementation deadlines approach
- Higher project costs and resource constraints associated with last-minute projects
- Payment delays and cashflow disruptions caused by invoice processing issues
- Limited visibility into invoice status, reporting obligations, and compliance performance
- Missed opportunities to improve efficiency, automate processes, and reduce operational costs



Hi, we're Esker

Esker's AI Automation Suite for the Office of the CFO leverages the latest in Agentic AI and automation technologies to optimize working capital and cashflow, enhance strategic decision-making, and improve human-to-human relationships with customers, suppliers and employees. Esker's Source-to-Pay and Order-to-Cash solutions automate any business process while supporting long-term growth strategies.



40+

years of experience with 20+ years focused on cloud solutions



1,200+

employees serving 1.12M+ users and 3,000+ customers worldwide



15

global locations with headquarters in Lyon, France



~€250

million in revenue in 2025



Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.

