

Invoicing in Germany

Most freelancers have accountants, and your accountant should keep you informed about invoicing requirements. I summarise the requirements in Germany below with a few comments. It would be interesting hear from others about requirements in other countries.

- You are legally required to issue an invoice for any service provided.
- You are legally required to archive invoices for 10 years.
- The law also states that if you send an invoice as an electronic document you have to agree this in writing with the client in advance and that the invoice must be validated by an electronic signature or sent within a validated private electronic network.

*I have three or four clients who require a signed invoice on paper, but so far no-one has bothered about verification with electronic signatures. 95% of the invoices I issue go out electronically without an electronic signature or a scanned signature. The client just prints out the email attachment as their paper copy. Sometimes they ask for a PDF file. Loads of free-ware for conversion of *.doc files to PDF file is available on the web. You don't have to buy expensive programs.*

The following information must appear on all invoices issued in Germany:

- The complete name and complete address of the service provider and the recipient of the service.
- The service provider's tax number or VAT number for those liable for VAT.
- The service provider's and the recipient's VAT number, if the recipient is liable for VAT.

I have only a few clients who ask for their VAT number to be included, and they are exclusively large pharmaceutical companies in Germany. CROs and other companies don't seem to be bothered about this, and it doesn't usually apply to physicians or others for whom I edit manuscripts. If VAT doesn't apply because the service is being provided for a client in a different EU country, however, they usually ask for their number to be included, and this is usually stated in the contract.

- The date of issue of the invoice.
- For invoices for more than € 150, a unique (alpha)numerical identifier (a simple serial number suffices).

Germany has 'minimum requirements' for invoices of less than €150 including VAT. For example, they don't need a serial number or the name and address of the recipient. To make life easy, I just issue every invoice as if it were for more than €150 so I can use the same template. You must also maintain a separate 'job list' with the serial numbers. Again, it is easier to include all invoices, even those for less than €150. If you cancel an invoice, write 'cancelled' on it, or if you correct one, write 'corrected' on it, and archive it with your invoices so you can show an unbroken series of invoices if the tax inspector calls.

- A brief description of the service(s) provided.
- The month or range of months in which the service was provided.
- An itemised list of each service provided with the unit price (e.g. €65 per hour), the total amount for each service, and the grand total, or a fixed charge, without VAT.
- For a final invoice, all advance payments (for which invoices also have to be issued).
- The amount of VAT and the rate applied. If VAT does not apply (only for those liable for VAT), a simple statement explaining why.

You are liable to charge VAT in Germany if your income was higher than € 17,500 in the past year (this is the basic rule, but things can get very complex—this is why you need an accountant). This is considerably lower than in some other EU countries. Work done in Germany for recipients in other EU countries is not subject to VAT even if you are liable to pay VAT in Germany (this does not include training done abroad, as far as Germany is concerned; VAT at the German rate has to be charged). As I said above, under these circumstances, I am often requested to include the recipient's VAT number. I add the following statement at the bottom of the invoice to explain the absence of VAT because I am liable: 'Zero-rated VAT invoice for member state of the European Union'.

- The (grand) total including VAT.
- Any discount granted before VAT and the discount rate applied.

This doesn't usually apply to our line of work, but if you grant discount, it must be described by this sort of statement: '2% discount is granted on invoices paid within 15 days of receipt'.

You should add something of this sort to each invoice: *Payable without discount within 30 days of receipt.* If this is in your contract, you don't need to add it. In some countries, 60 days is the standard, and you just have to accept it. By the time you have written emails and telephoned trying to persuade the client to do otherwise, you could probably have done a couple of hours of gainful work!

I was once advised (seriously) by a person in the UK with her own business to add 10% to every bill and add the statement: *10% discount is granted on invoices paid within 10 days of receipt.* I never went down that road, however! And I never explored how legally valid such a strategy might be.

Clients in Germany generally prefer separate invoices for services and expenses. For kilometres driven, the rate at present is €0.30, and you add VAT to the total sum from the kilometres driven. Because of the increase in oil prices, I have recently been charging €0.35, and no-one has objected yet.

A frequently asked question at EMWA Freelance Business Forums is: What do I do if a client doesn't pay within the set period?

It really does seem to be the exception in our business that clients don't pay, but they do sometimes take their time. Leave about one week after the set period, and drop the client a line (so you have written evidence) to remind them. The simplest thing is to forward them the email you originally sent with the invoice asking them to check whether it has been paid. Or resend it on paper if necessary. This usually does the trick. If they still don't pay, you send them an official reminder (with 'First reminder' as the subject line) on paper. If they still don't pay, remind them again ('Second reminder'). Make sure you can document the whole process on paper. After that, the next step is a solicitor's letter and legal advice, but discussions at the EMWA Freelance Business Forum have shown that this really appears to be the exception.

The longest I have waited in my 6 years as a freelancer was 4.5 months. This was from a German government organisation (with three official reminders). Otherwise it has rarely taken longer than 30 days, unless I knew it would probably take up to 60.

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