

Input VAT newsletter

Mandatory B2G invoicing in Luxembourg by 2022

7 December 2021

On 2 December 2021¹, the Luxembourg Parliament voted on a law imposing electronic invoicing for Luxembourg public body suppliers. Depending on their size, such operators must comply with the law within five to 15 months of the law's ratification.

The law states that an electronic invoice must be issued by the “economic operators”, i.e. contractors, suppliers of goods, or service providers, for all supplies of goods, services, and/or works which they carry out for the benefit of entities governed by public law. These entities are, mainly, the Luxembourg State and municipalities, but also the bodies created to meet general interest needs, other than industrial or commercial ones, and that are financed and controlled by the public authorities, as well as the associations of these bodies under public law. These are the so-called B2G (business to government) operations.

Public contracts such as those within the framework of development cooperation, diplomatic representations or consulates, participation in international exhibitions, or in the context of visits abroad are exempt.

The law will apply, in principle, within five months of its ratification (i.e. three days after its publication in the Official Journal, which had not yet taken place at the time of issuance of this newsletter, but should most likely be done in the coming days), and within 10 or 15 months for companies that do not exceed two of the following three criteria:

Entry in force of the law	Balance sheet total (€ million)	Net sales (€ million)	Average number of full-time employees
+ 10 months	>20	>40	>250
+ 15 months	>4.4	>8.8	>50

The 15-month period also applies to companies that are physically unable to provide at least one of the three quantified criteria for the year 2019.

Invoices will have to comply with the European standard on electronic invoicing which defines a certain number of criteria that the invoice and the automated transmission system of these invoices must respect in terms of integrity, authenticity, etc. In practice, the operators concerned will have to use the PEPOLL system, which is already in common use in several countries. If they are not equipped to do so, they will be able to use an online form, which should be available via Luxembourg's myGuichet platform, to draw up and submit the



electronic invoice or another online form that allows them to attach an invoice corresponding to the requirements of the law.

If the primary purpose of the law is to reduce the administrative burden by speeding up the verification, validation, and payment of invoices by public bodies, it is also clear that, as the parliamentary file of the 2 December law indicates, the B2G electronic invoicing obligation "makes it possible and very easy subsequently to the generalization of B2B [business to business] electronic invoicing" and "finally also the generalization of electronic invoicing towards individuals [B2C, business to consumer]". This should encourage economic operators to anticipate these evolutions.

This new law will concern a large range of economic operators, which should consider how to cope with this new obligation in order to be able to continue to invoice their public bodies clients and thus to be paid by them.

The Deloitte Luxembourg indirect tax team remains at your disposal to discuss the potential impacts on your organization.

1 Parliamentary file e 7750 - Loi du 2 décembre 2021 modifiant la loi du 16 mai 2019 relative à la facturation électronique dans le cadre des marchés publics et des contrats de concession - Law of 2 December 2021 amending the Law of 16 May 2019 on electronic invoicing in the context of public procurement and concession contracts - The Luxembourg State of Council should confirm the absence of second vote during its meeting of 7 December 2021.

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