

INVOICING

In order to be paid by your agent or client, you will need to invoice them – in many instances a time sheet or some kind of approval form will be needed, and in other cases a line manager may need to approve an invoice for payment.

Examples of invoice formats are at the end of this document.

The important features are:

- Company name, address and vat number
- Date of invoice
- Description of work done (NB for IR35 purposes it is better if this can be a project related description, linked to a milestone rather than a charge for hours / days worked)
- Invoice number (there are no hard and fast rules on invoice numbers, but a consecutive numbering system is preferred, and is easier to use/track)
- The invoice amount before vat
- Vat if applicable
- Total after vat

If your first invoice is raised before your vat number comes through, then “vat number applied for” should be entered. Your agent/client may withhold the vat element of the invoice pending your providing the number.

Confusion often arises with invoicing on expenses on which vat has been incurred. The procedure is as follows:

1. Total up the expenses to be charged, gross amount including any vat you have incurred.
2. If you are vat registered deduct from this the vat you can recover
3. The total of 1 less 2 is the net amount you invoice to the client / agent
4. You add your vat onto the total at 3.

A common mistake is that if you incur an expense without vat, eg a train fare then people try and invoice it on without vat. This is incorrect. Travel is zero rated when provided to you because the train company is providing travel; when you charge on to your client you are not invoicing for travel services – you are invoicing supplementary costs to your main professional fees, and therefore the expenses have the same vat status as your main fees.

Eg Suppose you incurred a hotel bill of £100 including vat and a rail fare of £50.

You would invoice your client £100 less vat = £85.11 for the hotel bill and £50 for the rail fare.

Total invoice to your client £135.11 + vat = £158.75.

Your client recovers vat of £23.64 to leave the net cost to them at £135.11, i.e. £85.11 + £50

INVOICING - continued

EXAMPLE FOR NON VAT REGISTERED COMPANY

ABACUS CONTRACTING LIMITED

Somewhere, Over the Rainbow, Way up on Highshire, AB12 3DE
Telephone: 01234 567890

INVOICE

To: Express Agency Limited
Fast House
Fast Street
Fast Place

Invoice Number: 002

Invoice Date: 30 June 2003

Company Number: 01234567

To professional services supplied between 25 June 2003 and 30 June 2003, as per contract xxxx, your client, yyy ltd.

| | £ |
|------------------------------------|-----------------|
| 30 hours @ £30 p/h | 900.00 |
| 10 hours @ £35 p/h | 350.00 |
| Expenses: | |
| Mileage for visit to other site | 50.00 |
| Hotel | 100.00 |
| | 150.00 |
| Total Now due | 1,400.00 |

Abacus Contracting Limited. Director: E Black-Adder. Secretary Mrs Q Black-Adder

Registered in England: 01234567. Registered office: Garbetts, Arnold House, 2 New Road, Brading, Isle of Wight, PO36 0DT

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Invoice Number: 002

Invoice Date: 30 June 2003

Company Number: 01234567

VAT number: 123 4567 89

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| | £ |
|---------------------------------|----------|
| 30 hours @ £30 p/h | 900.00 |
| 10 hours @ £35 p/h | 350.00 |
| Expenses: | |
| Mileage for visit to other site | 50.00 |
| Hotel | 100.00 |
| | 150.00 |
| | 1,400.00 |
| VAT at 17.5% | 245.00 |
| Total Now due | 1,645.00 |

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