

## MODULE 4 – INVOICING

### BUILDING & SENDING INVOICES

An invoice is a legal document that tracks the goods or services provided, the cost and payment terms. It's used to notify a customer or client that payment is due. Invoices need to include a few different pieces of information to be valid. Setting up a template will help you get this right every time.

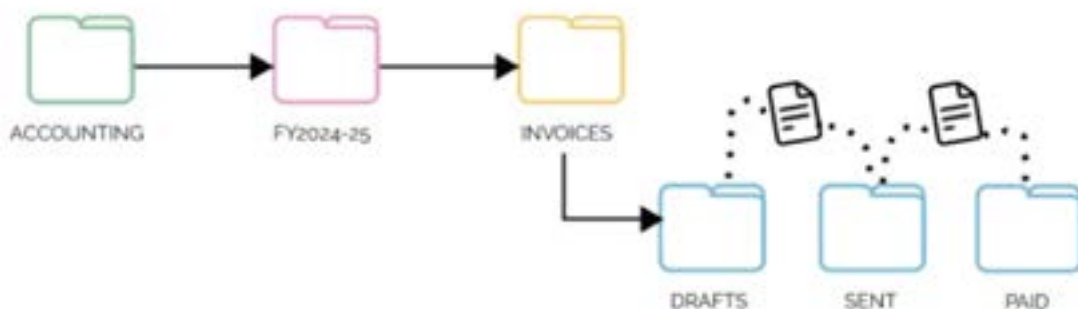
#### Make sure your invoice includes the following so that it is valid:

- ★ The words 'Tax Invoice'.
- ★ Who you are – your business name or trading name and contact details.
- ★ Your Australian business number (ABN).
- ★ The date you issued the invoice (normally the day you send it or give it to the customer).
- ★ A list of what has been sold, including the quantity and price. The GST payable (if any) for each item or a clear statement that the total price includes GST.

#### Keeping Record:

Keeping records is an important way to make sure your invoices have been paid and that you're staying on top of tax obligations.

There are a couple of different ways to send invoices to clients. Whichever you choose it is important to keep an electronic or printed record for at least 5 years. If you're not ready for accounting software that will keep track of whether your invoices have been paid for you, there are a handful of steps to keep a record of your invoices and whether they've been paid. This can be as simple as keeping a good digital filing system.



This file structure keeps invoices separated by financial years and allows you to move them through a system of being drafted, sent and paid. You might like to set up another folder for overdue invoices as well.



## UNPAID INVOICES

Learning how to prevent and manage unpaid invoices is crucial for maintaining a healthy cash flow.

### Here are a few steps you can take when you haven't been paid:

- ✦ Consider having a payment term where 50% of the invoice is paid up front and the other 50% paid upon delivery of your goods or services.
- ✦ Send a reminder, a missed payment could be an accident.
- ✦ Review the terms of your contract.
- ✦ Send a letter of demand. This can be drafted by a legal professional.
- ✦ Seek a dispute resolution service such as the one provided by the Australian Small Business and Family Enterprise Ombudsman,
- ✦ Use a debt collector.
- ✦ If nothing else has worked you might consider taking legal action.

Remember, before you go down the path of paying for a resolution, using a debt collection agency or taking legal action, consider if the amount you are owed is worth it.

## NOTES SECTION