

# Get Paid on Time

## Effective Invoicing

[www.macm.org.mt](http://www.macm.org.mt)

### Completing the Sale Effective Invoicing

Do you invoice your customers promptly – upon the delivery of goods/services?

Is your invoice easy to follow by your customers?

Does your invoice show all the necessary contact details, including your telephone number and not only your electronic methods of contact?

Does it have the customer's correct details and delivery address, including a valid VAT number?

Does it have any advertising clutters which may deflect the attention of your customers from the main scope of the invoice?

Does your invoice encourage electronic payment, showing your bank details clearly?

Does it state the agreed credit terms and any references to interest charges in case of late payment in accordance to the Late Payment Directive?

If you are MACM Member, is the MACM Members' caveat included in your invoice to comply with GDPR Regulations?

Are your customers signing your invoices upon delivery of goods /services with proper identification?

An invoice serves as an official record of the sale to a customer but from a credit management point of view, the primary scope of an invoice is:

*'To facilitate payment for the goods and services provided to the customer'*

This implies that an invoice should clearly specify the amount owed by the customer, by when it should be paid and to whom the payment should be made.

An invoice should be served to the customer:

#### **Timely**

*No invoice, no payment!*

Experience shows that the longer the invoice takes to be issued and served to the customer, the longer the customer will take to pay that invoice.

**Remember:** Firms are competing not only when they are selling but also when they are getting paid. Efficiency in the billing process may help the supplier get paid before his competitors!

#### **Accuracy**

Customers will only pay undisputed invoices. If customers disagree with any detail that features on the invoice, they just don't pay! Disputed invoices cause not only late payment and cash flow difficulties but also operational inefficiencies to both the seller and the buyer because it takes time and requires more internal resources to resolve disputes.

#### **Completeness**

The invoice should include all the necessary information and details, including:

- The date and the invoice number, clearly indicating that it is an Invoice for Payment;
- The supplier's details with correct VAT number;
- The contact details of the customer and address of delivery of the goods;
- The correct VAT number of the customer when applicable;
- Full and complete description of the goods and services sold to the customer;
- The number of units sold;
- Clauses referring to the agreed credit terms and to late payment;
- Bank details to encourage electronic payment;
- The amount and any discounts given.

#### **Understandable**

The invoice should be clearly printed on good quality paper with no advertising clutters for better effectiveness. It should be simple to read and easy to follow by the customer receiving it. Any discounts granted should be shown and clearly calculated for ease of reference.



#### **The Late Payment Directive...**

3. States that late payment means payment not made on the date agreed upon in the contract or according to the law.