

Information that Invoices Must Contain

All invoices should clearly show the word 'invoice', as opposed to e.g. application for payment, delivery note or payment request.

They should also include the following details:

- a unique and sequential identifying number
- your business name, address and contact information
- the business name and address of the customer you are invoicing
- your VAT registration number if you are registered for VAT – see below
- a clear description of what you are selling to the customer
- the date the goods or services were provided (supply date)
- the date the invoice is being issued
- the amount(s) being charged excluding VAT
- VAT amount if applicable
- the total amount owed including VAT
- it is also useful to show the date the invoice is due for payment i.e. credit terms

You can also add additional information to your invoices as you require, hopefully avoiding queries being raised by the customer or payment being delayed.

Limited companies

Limited companies must have the following additional information on their invoices:

- the full company name as it appears on the certificate of incorporation
- any business name used in your business
- the company registration number
- an address where any legal documents can be delivered to you if you are using a business name

Limited companies may include the names of the directors on their invoices. However, if you are going to publish this information on your invoices, you must include the names of all directors.

Sole traders and partnerships

A sole trader or partnership must have the following additional information on their invoices:

- any business name being used if the surname(s) of the sole trader or partners is not being used
- an address where any legal documents can be delivered to you if you are using a business name

VAT details on invoices

If you are registered for VAT, whether the business is a limited company, partnership or a sole trader, you must also put the following information on your invoices:

- a unique and sequential identifying invoice number
- the date the invoice is being issued to the customer
- your customer's name and address
- your business' name, address and VAT registration number
- the date the goods or services were sold to the customer
- a description sufficient to identify the goods or services being supplied
- the quantity of the goods or services with a unit price - excluding VAT
- the rate of VAT per item
- the total amount owed excluding VAT
- the total amount of VAT being charged
- the total amount due including VAT

If you are selling standard rated goods to a private individual in the EU or a non-VAT registered business in another European Union (EU) country outside of the UK, you must charge VAT. The rules for services are more complex. However, if the customer is a VAT-registered business in another EU country outside of the UK, you do not charge VAT on the sale of goods, but you must:

- obtain and show your customer's VAT number (including the two-letter country prefix) and your own VAT number on your VAT sales invoice
- send or transport the goods to your customer within three months, or six months if the goods need processing before being sent
- keep valid commercial evidence that the goods have been removed from the UK within the correct time limit

Your evidence can include a number of different documents - e.g. the customer's order, shipping papers, customer correspondence, delivery details. The evidence must clearly identify the:

- supplier
- transporter of the goods
- customer
- goods and their accurate value
- mode and route of transport
- EU destination

If you cannot fulfil these conditions, you will have to pay VAT at the appropriate UK rate. It is best to set up your records and invoice correctly for VAT from the time your business starts. You may find it useful to set up a pro forma invoice. A pro forma invoice can be an invoice drawn up by you and sent to the buyer to confirm the details of a contract, or a polite reminder to the buyer that a debt will be due for payment. A pro forma invoice cannot be a substitute for a proper tax invoice.

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