Invoicing and Getting Paid

Learn all about invoicing and getting paid by customers in this guide
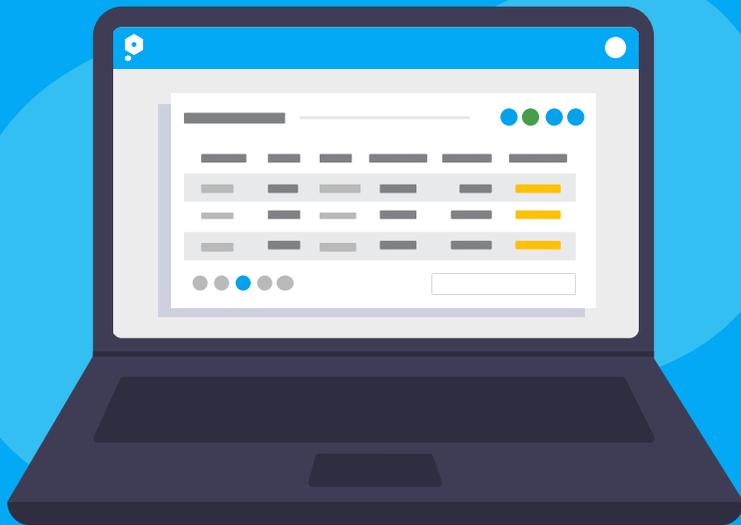
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What's inside?

Creating Invoices

Getting paid is almost always the end goal for any project.

> **Think of it like this:** every project you work on and get paid for is another building block in the architecture of your growing business. More money coming in means more money to invest in development, and more money in the bank.

Receiving payment for work you've completed should be straightforward and stress-free, in theory.

In practice, however, getting paid can come with some challenges, such as late payments messing up your carefully mapped-out cashflow.

One way to reduce delays is by using well-formatted invoices which include all the necessary details and information.

It goes a long way towards improving payment times, and it makes your wider financial records easier to take care of too.
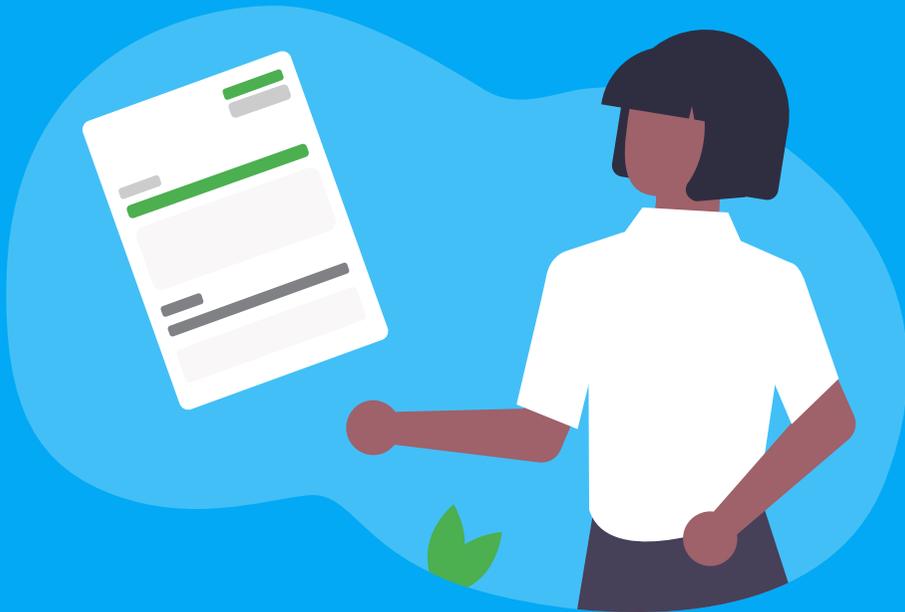
What information do I need to include on an invoice?

If you use invoicing or bookkeeping software, you'll normally answer a few questions, and the software will produce everything for you. Invoices should include:

- A header titling the document as an 'Invoice'
- Details about the business concept
- Your name, company name and legal address
- Your contact details
- The recipient's name, company name and legal address
- Date of invoice issue
- A unique invoice number
- Purchase order (PO) number if the customer issues one
- Date of supply
- A brief description of the work carried out
- Cost breakdown
- Total amount payable
- Preferred payment method (e.g., chosen bank details)

✅ Specified payment terms (e.g., 'to be paid within 30 days')

✅ If you're VAT registered, you'll also need to show the tax breakdown, as well as your VAT number

If you don't use software to speed things up, then you can save a bit of time by keeping invoice templates for each of your customers.

This means you won't have to input variables like company names and addresses every time you need to invoice. .
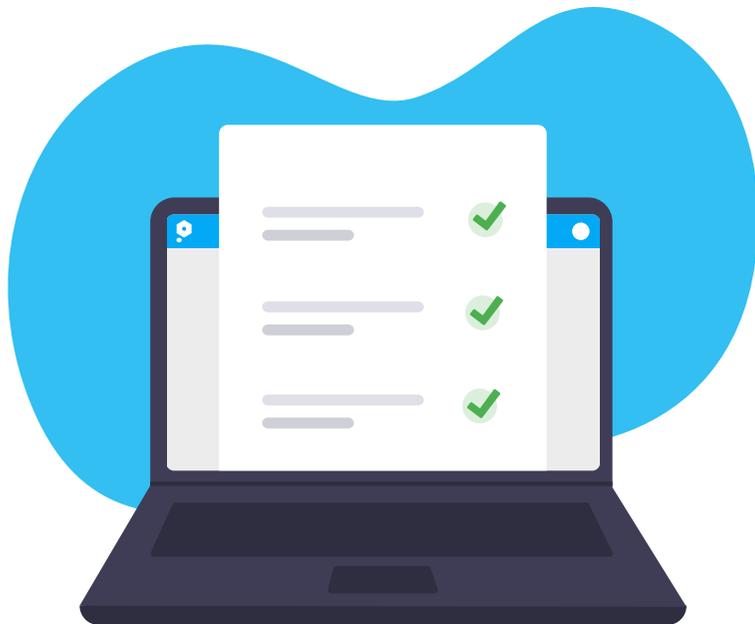
Sending invoices

Once you know what needs to be included on your invoices, it's time to consider how you want to issue them to your recipients.

What is the best way to send a business invoice?

It depends on the system that you use to produce your invoices. For instance, if you use a computer template then you might email or post invoices to your clients.

If you use bookkeeping software, then you might export an invoice and email it that way, or even send it directly from the software itself.

Don't forget to record them in your bookkeeping! If you use bookkeeping software, creating the invoice will automatically enter it in your records at the same time.

Payment methods

After sending invoices to your customers, it's then just a matter of getting paid.

Offering a range of payment options to your clients can make life more convenient for them, helping you get paid faster.

What invoice payment methods should I offer to my customers?

The answer to this question is really down to your resources and your requirements - but let's explore some of the most common options to guide you:

BACS payment

Bacs payments (AKA bank transfers) are a pretty popular choice because they're quick, easy and low risk for the cash recipient.

This method moves money directly from one bank account to another, often without any transaction fee.

The downside: they aren't automated so you're relying on the customer to manually make the bank transfer.
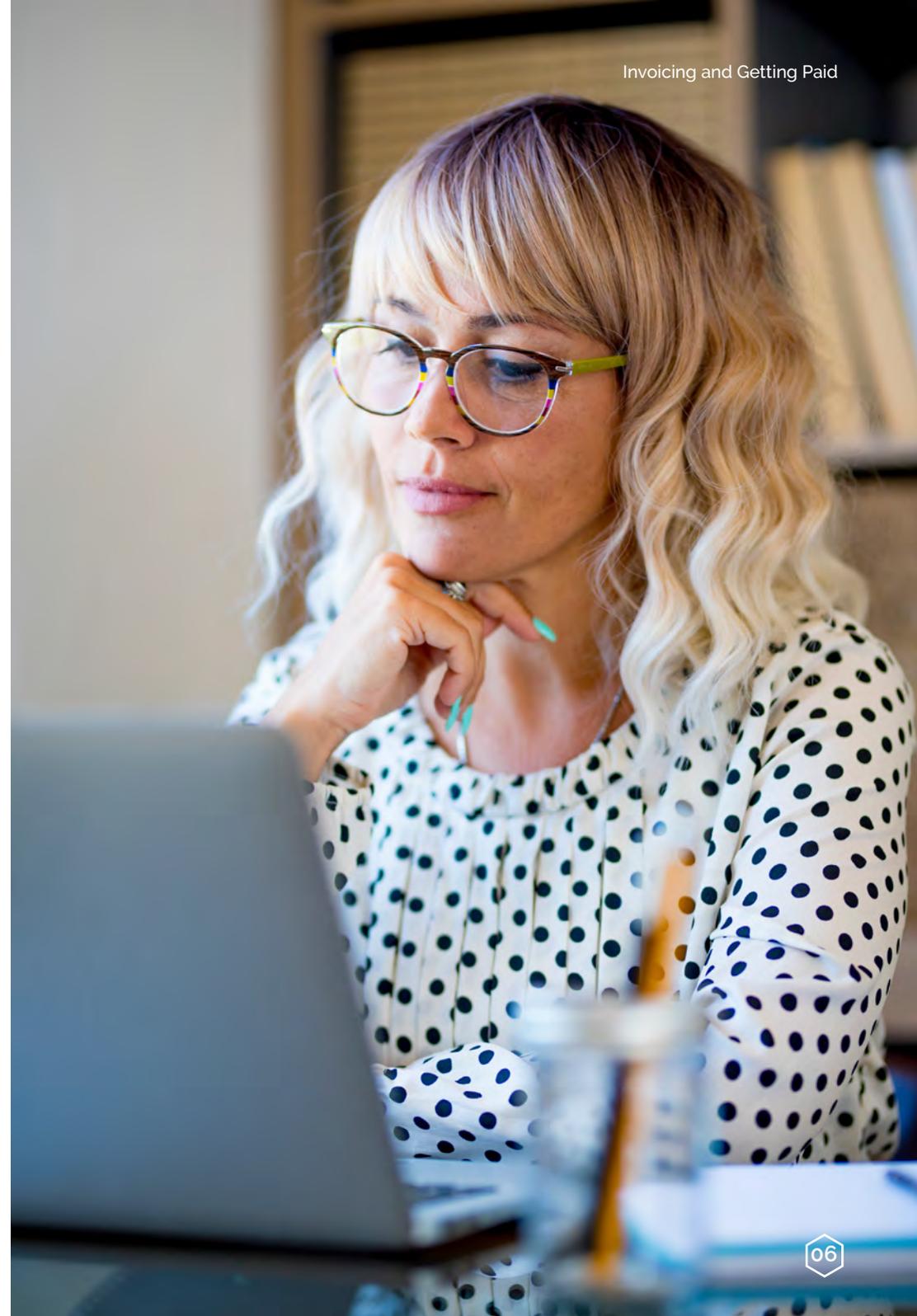
Direct debit

If you have a regular customer, you might encourage them to set up a direct debit. This means you can take money owed from their account whenever payments are due.

You can vary the amount as required, without having to get permission from the customer first, making this a super flexible option.

Standing order

Standing orders move a specific amount of money from one bank account to another on a specified date.

Both the date and the amount are set by the customer, and they can instruct their bank to stop the standing order at any time.

This option is best offered to clients who you trust implicitly and who don't have a track record of overdue invoices.

Cheques

It might seem a little old-school, but you may find some customers still prefer to pay by cheque—or maybe even cash.

The main driver behind this is often to avoid digital transaction fees.

However, it does mean more financial admin for you so consider this option carefully.

Managing late payments

Late payments and overdue invoices are one of the most prolific problems businesses face.

If you find yourself dealing with this issue, here are some steps you can take:

1 Remind the customer that the payment is overdue

2 Cease all work until debts are paid

3 Inform them that you plan to take matters further if the problem is still not resolved

3 After following the above steps, you can take the matter to the small claims court if necessary

How can I get my customers to pay their invoices faster?

Make sure your invoices are clear and accurate, with defined payment terms.

Offer multiple ways to pay - giving the customer choice and control means they're more likely to get the job done quicker.

Communicate your payment terms over email.

If an invoice goes over the payment terms agreed, you are allowed to charge interest and debt recovery fees.

Statutory interest is 8% plus the current Bank of England base rate.

Create a free account to start your Pandle journey today!

Create Free Account

(Don't worry, we won't take any bank details!)

Business details
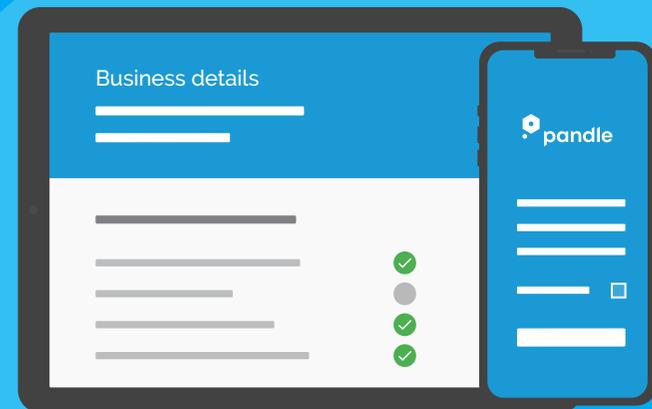
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