How to write an invoice

Arts north west

connections
creativity
communities

WHY DO YOU NEED TO WRITE AN INVOICE?

OVERVIEW

An invoice informs the customer that the terms of the agreement have been completed and they should pay for the goods or services. Invoices are important for a number of reasons, including:

- **Recordkeeping:** Invoices are a chronological record of business transactions, which can help with tracking sales, revenue, and inventory.
- **Tax purposes:** Invoices are tax documents that help businesses meet their tax obligations and claim credit for GST paid on purchases.
- **Payment request:** Invoices are a formal request for payment, specifying the amount due and the due date.
- **Legal document:** Invoices can be used as a legal document in the event of a payment dispute.
- **Proof of transaction:** In New South Wales, businesses are required to provide proof of transaction for goods or services valued at $75 (excluding GST) or more.

Invoices also help businesses set clear payment terms, establish a right to payment, get paid on time, reduce billing questions, and reduce tracking issues.

WHAT INFORMATION DO I INCLUDE ON AN INVOICE?

An invoice is a document that lists the costs for goods or services sold, and includes the following information:

- **Seller's identity:** The seller's business name, address, and contact details, as well as their Australian Business Number (ABN) or Australian Company Number (ACN)
- **Customer's identity:** The customer's business name, address, and contact details
- **Itemised list:** The individual prices for each item or service
- **Total charge:** The grand total amount due, including discounts and GST if applicable (GST: The GST amount payable, or a statement that the total price includes GST)
- **Payment terms**: When the customer should pay, and the payment methods accepted including bank details, BPay options etc
- **Description:** A description of the transaction so the customer knows what they're paying for
- **Date of Invoice generated and date of payment:** so payment can be made by the certain date - normally within 14 days

INVOICE

NOT 'Tax Invoice' - unless you are registered for and pay GST.

14 December 2019

Invoice #01-161219

Invoice numbers are helpful if you will send more than one invoice to an organisation and/or more than one invoice out on a day. They help you track what you have sent out. **Tip: Include the date in the number to make things easier to keep track.**

Gladys Sample
12 Sample Street
Happitown NSW 2370
ABN 61 526 423 775

ABN = Australia Business Number
All self-employed people are required to have an ABN and quote it on invoices for work performed. Tax has not yet been taken out. You are receiving full payment for products or services so a portion of that income should be retained by you to meet your tax liability at the end of the financial year.
If you DON'T have an ABN and the work you are invoicing for is not your main business (ie it's a hobby you're being paid for this time) you can complete and attach a 'Statement by Supplier', available from the ATO website.
If you DON'T quote your ABN the payer MUST take 49% in tax from you.

To: Arts North West

Who is the invoice to?

For work on Happitown Painting Project

What did you do?
Name of the specific project. Itemise the various things you were asked to do.

Artist fees	$860.00
Travel	$150.00
Accommodation	$120.00
Materials	$60.50
Total:	$1190.50

Total
DON'T include GST - unless you are registered for and pay GST.

Superannuation (if applicable)

Amount (10% of labour costs): $86.00

Send through Superannuation information:
Fund name, ABN , Fund address, Retirement Savings Fund USI (if known), Account name, Customer/Member No.

Bank Details:

BSB	02 0623
Account number	2666 6669 336
Account name	Gladys May Sample

Note: BSB has 6 digits

Terms of payment: 30 days

When you expect to be paid: Remember that finance staff might only work one day a week or so. If you're being paid by a volunteer run organisation it may need to go to a meeting first.
If not stated the assumption is 30 days.

Compiled by Arts OutWest
www.artsoutwest.org.au
Adapted by Arts North West
www.artsnw.com.au
(02) 6732 4988

FROM:
Name
Address
Contact Number
Email
ABN

TAX INVOICE

INVOICE # 000

DATE:
DAY/MONTH/YEAR

TO
Arts North West
PO BOX 801
Glen Innes NSW 2370
ABN 13 294 582 557
office@artsnw.com.au

QUANTITY	DESCRIPTION	UNIT PRICE	GST	AMOUNT

SUBTOTAL	
GST	
SHIPPING & HANDLING	
TOTAL AMOUNT DUE	

EFT
Bank:
Branch:
BSB:
Account number:
Account Name:
Payment terms: 14 Days

PROMPT PAYMENT IS APPRECIATED
THANK YOU!

STATEMENT BY SUPPLIER VS GST - WHAT DOES IT ALL MEAN?

In Australia, there are two types of invoices, depending on whether the business is registered for goods and services tax (GST):

- **Tax invoices:** Used by businesses that are registered for GST
- **Regular invoices:** Used by businesses that are not registered for GST

When a payer makes payments to suppliers for goods or services to the business, those suppliers generally need to quote an Australian business number (ABN). They can quote their ABN on an invoice, or some other document that relates to the goods and services they provide.

If a supplier **does not** provide its ABN, the payer may need to withhold an amount from the payment for that supply – this is referred to as 'no ABN withholding'.

Certain suppliers are not required to quote an ABN to a payer. In these cases, the suppliers can use the form Statement by a supplier (PDF, 145KB)This link will download a file to justify the payer not withholding from the payment to the supplier.

WHAT IS A STATEMENT BY SUPPLIER FORM ?

A Statement by Supplier is a written statement provided by an individual supplier to the payer when services are supplied that does not require an Australian Business Number. The Written Statement by Supplier form acts as a confirmation that no withholding is necessary when the payment pertains to a supply exempt from withholding requirements.

https://www.ato.gov.au/forms-and-instructions/statement-by-supplier-not-quoting-an-abn

WHEN DO I NEED TO REGISTER FOR GST?

You must register for GST if you:

- Run a business or enterprise that has a GST turnover (gross income minus GST) that exceeds the GST threshold of $75,000.
- Expect your new business to reach the GST threshold in the first year of operation.
- Have a non-profit organisation with a GST turnover of $150,000 per year or more

Australian Government
Australian Taxation Office

Statement by a supplier

Complete this statement if the following applies:
- you are an individual or a business
- you have supplied goods or services to another enterprise (the payer), and
- you are not required to quote an Australia business number (ABN).

HOW TO COMPLETE THE STATEMENT
- Print clearly in BLOCK LETTERS using a black pen only.
- Use BLOCK LETTERS and print one character in each box.
- Place **X** in all applicable boxes.

Payers can check ABN records of suppliers by visiting **abr.business.gov.au** or phoning **13 72 26** 24 hours a day, 7 days a week.

Section A: **Supplier details**

Your name

Your address

Suburb/town

State/territory

Postcode

Reason/s for not quoting an ABN Place **X** in the appropriate box/es.

- ☐ The payer is not making the payment in the course of carrying on an enterprise in Australia.
- ☐ The supplier is an individual aged under 18 years and the payment does not exceed $350 a week.
- ☐ The payment does not exceed $75, excluding any goods and services tax (GST).
- ☐ The supply that the payment relates to is wholly input taxed.
- ☐ The supply is made by an individual or partnership without a reasonable expectation of profit or gain.
- ☐ The supplier is not entitled to an ABN as they are not carrying on an enterprise in Australia.
- ☐ The whole of the payment is exempt income for the supplier.

The supplier is an individual and has given the payer a written statement to the effect that the supply is either:
- ☐ made in the course or furtherance of an activity done as a private recreational pursuit or hobby, or
- ☐ wholly of a private or domestic nature (from the supplier's perspective).

Section B: **Declaration**

For information about your privacy, visit our website at **ato.gov.au/privacy**

Under pay as you go (PAYG) legislation and guidelines administered by us, the named supplier is not quoting an ABN for the current and future supply of goods or services for the reason or reasons indicated.

Name of supplier (or authorised person)

Signature of supplier (or authorised person)

Daytime phone number

Date
Day / Month / Year

Penalties apply for deliberately making a false or misleading statement.

Do not send this statement to us.
Give the completed statement to any payer that you are supplying goods or services to. The payer must keep this document with other records relating to the supply for five years.

USEFUL LINKS

https://www.service.nsw.gov.au/transaction/register-your-business-for-goods-and-services-tax-gst#:~:text=You%20must%20register%20for%20GST,%24150%2C000%20per%20year%20or%20more

https://business.gov.au/finance/payments-and-invoicing/how-to-invoice

https://www.ato.gov.au/forms-and-instructions/statement-by-supplier-not-quoting-an-abn