

Supplier's Quick-Guide: Invoicing & payment



What does this cover?

This Quick-Guide is for Suppliers who are registered for GST in New Zealand. It describes how to prepare and issue invoices to government agencies. It explains the essential information that an invoice must contain and clarifies the standard terms of payment contained in the Government Model Contracts (GMCs).

Key messages

To ensure prompt payment you need to provide the buyer with a valid tax invoice that is correctly laid out, correctly calculated, correctly addressed and attach all supporting documents, such as receipts for expenses. If your invoice is wrong, or incomplete it will be returned to you. This will delay payment.

Tax Invoice

A valid tax invoice is one that meets the requirements of the Goods & Services Tax Act 1985. If your business is registered for GST, your invoices must include your GST number and comply with the Act.

Invoice requirements

All invoices to government should contain the following information. Check your contract to see if any additional information is required by the buyer.

Topic	Requirements										
Standard requirements	<ul style="list-style-type: none"> be clearly marked 'Tax Invoice' contain the date the invoice is issued 										
Identify your business	<ul style="list-style-type: none"> your business name and business address your GST registration number - if you are registered for GST 										
Identify the contract	<ul style="list-style-type: none"> name of the contract contract or purchase order reference number - if applicable description of the goods or services supplied quantity or volume of the goods or services supplied 										
Amounts due	<ul style="list-style-type: none"> be in New Zealand currency¹ calculate the amount due, excluding GST calculate the amount of GST due calculate the total amount due including GST <table border="1" style="margin-left: 20px;"> <caption>example:</caption> <tr> <td>fees:</td> <td>\$900</td> </tr> <tr> <td>expenses:</td> <td>\$100</td> </tr> <tr> <td>sub-total:</td> <td>\$1,000</td> </tr> <tr> <td>GST @ 15%</td> <td>\$150</td> </tr> <tr> <td>total inc GST</td> <td>\$1,150</td> </tr> </table>	fees:	\$900	expenses:	\$100	sub-total:	\$1,000	GST @ 15%	\$150	total inc GST	\$1,150
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expenses:	\$100										
sub-total:	\$1,000										
GST @ 15%	\$150										
total inc GST	\$1,150										
Address	<ul style="list-style-type: none"> buyer's name and address be properly addressed to right person 										
Attachments	<ul style="list-style-type: none"> attach all GST receipts for expenses claimed attach other verifying documents reasonably requested by the buyer 										



The information above contains the requirements for a tax invoice valued at \$1,000 or more. However, the GST Act invoice requirements are less for invoices worth (a) less than \$50, and (b) between \$50 to \$1,000. For more information on these types of invoices refer to: <http://www.ird.govt.nz/gst/work-out/work-out-records/records-tax/tax-info/>

¹ Where the invoice is in a currency other than NZD and not subject to GST, then the GST aspects above do not apply. However, suppliers domiciled overseas for tax purposes are responsible for ensuring that they meet their own tax obligations.

Invoice preparation – the essentials

It is essential that invoices:

- include only items which can be properly claimed under the contract
- deduct any pre-payment made by the buyer
- correctly calculate the sums due and correctly add up
- attach receipts which are numbered and cross-referenced in the invoice
- marked for the attention of the correct person in the buyer agency
- use the correct address for the buyer agency
- must be the original – if the original is lost the supplier may issue a copy, but the copy must be clearly marked 'copy only'.

Government Model Contracts

Invoice & payment

Invoice & payment clause:

- Contract for **Services**: Schedule 2, clause 3
- Contract for **Goods**: Schedule 2, clause 5

Conditions of payment:

- The supplier must provide valid tax invoices for the goods or services on the dates agreed between the parties.
- If the Buyer receives a valid tax invoice before the 3rd Business Day of the month, the invoice is to be paid by the 20th of that month – so long as it is correct and not in dispute.

Example:

Payment by the 20th of the month

1 Invoice for the month in which the services were delivered (e.g. March).

2 Make sure your invoice is received by the buyer by the end of the month in which the services were delivered (e.g. March), or at the very latest, within the first 3 Business Days of the following month (e.g. April).

3 Regardless of the date of your invoice (e.g. 31st March or 1st April) if it is received within the first 3 Business Days of the month (e.g. April) it will be paid by the 20th day of the month (e.g. 20th April) - so long as it is correct and not in dispute.

March

April

services delivered

month of payment

Disputes

If the Buyer disputes an amount due, it must notify you within 10 Business Days of receipt of the invoice. If an invoice is in dispute the buyer may withhold payment of the disputed portion, until the dispute is resolved.



For more guidance visit www.procurement.govt.nz and refer to 'For suppliers / Key guidance for suppliers' section:

- Quick-Guide: Prompt payment
- Invoice template for goods
- Invoice template for services
- Supplier's Checklist: Preparing an invoice