

Timesheets, invoices and payments

Introduction

When you are contracting you will need to complete timesheets and raise invoices to your clients. This article explains both of these processes and discusses how payments work.

Timesheets

Most agencies will provide timesheets for you to complete at the end of the week or month which are signed by yourself and your client.

If you are paid per hour then you will typically enter the number of hours worked each day. If you are paid a daily rate you will normally not need to track the hours and just enter the number of days worked each week. Check this with your agency and client.

The majority of timesheets have 3 counterfoils, so copies can be kept by yourself and the client with the original being sent to the agency. If this is not the case then ensure you take a photocopy of the timesheet and ask the client to also sign the copy.

If you make a claim for overtime, it is important to clearly show it on the timesheet, since it is one of the most common problems arising in the processing/payment of timesheets.

If you are working through your own limited company, outside the scope of IR35, you should prepare your own timesheets in addition to anything you may complete for the agency. This "paperwork standardisation" within your own limited company, is a pointer towards you running your own business, as opposed to simply completing the documents prepared by the agent (as an employee/IR35 caught person would do).

Invoices

After getting the timesheet signed you will need to arrange for an invoice to be created and sent to the client.

If you are working through an umbrella company they will ask you to send or fax them the timesheet so they can prepare an invoice. If you are working through your own limited company you will need to prepare the invoice yourself.

Invoices to your agency should show the following information:

1. Company name.
2. Full postal address of company and telephone number.
3. Invoice date.
4. The invoice number
5. Due date for payment.
6. Charge period.
7. Number of hours / days being charged.
8. Rate per hour/day (as per the contract).
9. The total value of time charged.
- 10 Expenses chargeable to the agency/client. [There are rarely any.]
- 11 Total net value of invoice for VAT (time charges plus expenses).
- 12 The amount of VAT charged at the standard rate of 17.5%.
- 13 Total invoice value including VAT.
- 14 The company VAT number if the company is VAT registered.
- 15 Terms of payment.

If you can send your invoice on company headed note paper then this helps with IR35 issues by showing that you are in business on your own account.

Here is an example of an invoice:

Wicked Solutions 50 Software Drive London E1 3FR Tel: 0208 555 555 Company #:112334 VAT: 66-777-888	
Invoice Number:	ABC001
Date:	20 December 2004
Due Date:	20 January 2005
To:	ABC Ltd
Fees:	Contracting Services 20 days @ £600 per day
	£12,000.00
	Sub Total £12,000.00
	VAT @ 17.5% £2,100.00
	TOTAL £14,100.00
Payment terms:	Payment within 30 days.
Money transfer to the account below: Wicked Solutions Ltd Sort Code: 20-21-22 Account No: 12345678	

Some agencies also require additional information on the invoice to assist their processing procedures. E.g. Company number and bank details.

Upon completion of the invoice it should be posted to the agency together with the signed timesheet.

Payments

Most agencies apply strict payment deadlines, so ensure you get your timesheet to them on time to avoid any late payments.

Upon receipt of your timesheet and invoice the agency will then typically pay you within a week after they have billed the client with their margin on top.

This quick payment can be quite useful for the first time contractor who might not be able to wait a full month before being paid on their first contract.

Most agencies use factoring organisations which means they get paid before they receive the money from the client. The factoring company then chases the client and takes a small percentage of the total invoice.

You should not have to wait for the client to pay the agency before you are paid. If an agency attempts to hold money back for this reason then start getting worried since it is not common practice.

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