Invoice billing process

An invoice is a document raised by a supplier a customer demanding payment against the goods supplied or services rendered.

It contains the details of products, quantities, prices for products or services agreed initially which the supplier has supplied or provided to the buyer

An invoice indicates that the payment is due from the buyer to the seller, unless paid in advance.

Anvoices are often called bills.

Once the ordered goods are dispatched, the supplier will send a copy of invoice for payment to the customer.

Sometimes, the invoice may be received along with the goods and sometimes it could be received before or after the receipt of the goods.

let's dive into the details an invoice contains in more detail.

1.invoice number and invoice date

invoice number is a unique number or a combination of numbers and characters that identifies an invoice within the system.

it is automatically generated by the system to avoid duplication of numbers.

where as, the invoice date is the date when the invoice was created.

2.purchase order number

PO number is an unique identification number to determine the purchase summary

3.Tax identification number

TIN is a number assigned exclusively by the tax department to business entities for the purpose of identification and unique in nature.

All entities must have Tax ID to file the tax returns.

4.Remit to address

The supplier's address to which the customer is asked to send the payment is called the remit to address.

5.terms of payment

payment terms are the terms and conditions defined/described as to make payment by the customer to the supplier.

6.Early payment discount

Cash discount is an allowable reduction in the invoice price to the customer for prompting him to make early(before the due date) payments.

7.Line-items

when more than one item is sold against an invoice, each item has to be separately mentioned on the invoice.

since all the items will be shown on a separate line therefore, it is called as a line item

Each line will have details of description, quantity and price of the relevant item.