Are you searching for an online donation form template for your non-profit organization? If so, this is the simplest online donation form template that you can use without any code requirement and accept donations in the easiest way. You can even modify the online donation form template according to the needs of your organization, too!Go to Category:Charity FormsKeeping records of cash flow and financial documents can be a bit confusing if not handled properly. One of the most important document in managing your sales records is payment receipt. A payment receipt form is used by business owners, staff, accountants or any individuals that sells products or services to customers or clients. One example is a rental payment receipt form which are given to the customers or tenants as a proof of payment for their rent. This form aims to provide assistance in creating a standard and simple payment receipt that they can use when transacting payments with their customers, tenants or clients. The form will need information such as customer's name, date, payment amount, receipt number, reason for payment and name of the receiver.Go to Category:Payment FormsThis Hotel Receipt Form Template consists of fields that are asking for the customer information, receipt details, check in and check out, hotel services that were availed, total amount, and the payment method. The hotel service details show the room number, number of nights, price per night, and the amount. The Receipt Number field is the Unique ID widget. It automatically generates a unique value for every submission. The form also has multiple conditions that multiply the number of nights column to the price per night column.Go to Category:Payment FormsLanding your first job in the freelance world is challenging because of the competition. However, once you obtain those first few clients, it's very rewarding. You need an invoice to get paid as a freelancer. Use this Freelance Invoice Form Template that generates a PDF that you can send to your clients. This form template has a field that asks for the invoice date, due date, services rendered, payment details, and client information. The invoice number is automatically generated by the form for every submission via the Unique ID widget. This form template also uses calculations that multiplies the number of hours to the hourly rate. The Subtotal and Total Amount field is a Form Calculation Widget that executes simple to complex calculations.Go to Category:Payment FormsManaging records of financial transactions in an organization can be too much to process if not handled properly. This is why most companies use a sales receipt book to keep track of their transactions. A sales receipt book form is mostly used by business owners or accountants to keep track of the company's day to day cash or payment transaction. This form aims to help business owners and accountants build a sales receipt book they can use in their business operations. To complete the form, it needs some information such as company name, company address and contact number, date, name of customer or client, amount, the reason for payment, receipt number, and name of the receiver.Go to Category:Payment FormsIn the construction business, you need an invoice to get paid. This well-designed Construction Work Order Form Template contains fields that are asking about the client information, details of the invoice, and payment information. This form template also generates an invoice number automatically with the help of the Unique ID widget. In order to capture the total amount due, this form template uses the Form Calculation widget. This form also has smart conditional logic that calculates the number of hours rendered to the rate per hour of each service that the company provided.Go to Category:Order FormsAre you looking for a purchasing form template for your business? If so you can use this product purchase form in order to collect simple product purchases easily. Just customize this online purchase form template according to your products and the information you would like to collect and start to gather purchases swiftly.Go to Category:E-commerce Forms Payment Form is a user interface element designed to collect and submit payment information from customers during online transactions. Typically embedded on e-commerce websites or mobile applications, payment forms include fields for entering payment card details, billing addresses, and other relevant information. The design of payment forms is crucial for providing a seamless and secure checkout experience, reducing friction for customers. Secure payment forms implement encryption and compliance with Payment Card Industry Data Security Standard (PCI DSS) requirements to protect sensitive customer data. Payment forms contribute to the overall user experience by offering convenience and clarity in the payment process. Optimizing payment form design involves considerations such as responsive layouts, minimalistic fields, and clear error messaging to facilitate efficient and secure completion of transactions. Payment is the transfer of money, goods, or services in exchange for goods and services in acceptable proportions that have been previously agreed upon by all parties involved. A payment can be made in the form of services exchanged, cash, check, wire transfer, credit card, debit card, or cryptocurrencies. Payment is the transfer of money or goods and services in exchange for a product or service.Payments are typically made after the terms have been agreed upon by all parties involved.However, payment may be required before, during (installment payments) or after goods or services have been provided.A payment can be made in the form of cash, check, wire transfer, credit card, or debit card.More modern methods of payment types leverage the Internet and digital platforms. Today's monetary system allows for payments to be made with currency. Currency, which has simplified the means of economic transactions, provides a convenient medium through which payments can be made, and it can also be easily stored. Before the widespread use of currency and other payment methods, barter payments were used in which one product or service was exchanged for another. For example, if an egg farmer with a large surplus of eggs wanted milk, the farmer would need to find a dairy farmer who would be willing to take eggs as payment for milk. In this case, if a suitable dairy farmer weren't found in time, not only would the egg farmer not get the milk, but the eggs would spoil, becoming worthless. Currency, on the other hand, maintains its value over time. However, bartering is still practiced today when companies want to exchange services between one another. Payments can be the transfer of anything of value or benefit to the parties. An invoice or bill typically precedes a payment. Payees usually get to choose how they will accept payment. However, some laws require the payer to accept the country's legal tender up to a prescribed limit. Payment in another currency often involves additional foreign exchange transaction fees, usually around 2–3% of the total payment being made, but could be quite a bit higher depending on the bank or card issuer and country of purchase. In the U.S., the payer is the party making a payment while the payee is the party receiving the payment. Payments are made using various methods. Throughout history, these types of payments have changed and evolved, and new payment methods are likely to appear in the future. Here are the most common types of payments used today. Today, credit cards are widely used for purchases and payments. Credit cards work by offering its user a line of where where an individual can draw credit up to a certain limit. When you attempt to use your credit card, your account information is sent to the merchant bank. The merchant bank then receives authorization from the credit card network to process the transaction. Many businesses accept credit cards, though many that accept cards charge a fee from the merchant that provides the machine and payments infrastructure as well as their financial institution. This fee is often a percentage of the transaction amount and/or a flat fee for each payment. Debit cards may look similar to credit cards, but their underlying mechanism is entirely different. When a debit card is used, funds are immediately withdrawn from an individual's account. Instead of having a line of credit that you can pull from in excess of what you have saved, debit card transactions can be declined if you do not have enough money in your account. Debit cards share many advantages as credit cards, as the small piece of plastic is easy to carry, widely accepted by many merchants, and has varying levels of fraud protection. However, debit cards often have less promotional opportunities and may result in processing fees if you accidently attempt to overdraw your account. Cash is still used for many businesses, such as the retail industry. Coffee shops and convenience stores, for example, still accept cash payments. Considering the fees associated with debit and credit cards, many retail small businesses prefer cash payments from their customers. Cash has its own disadvantages, as it can be lost, stolen, or destroyed. Businesses dealing in large transactions must often incur additional expenses to pay for related security measures such as secured transit or fraud detection. The contactless payment technology that has emerged in recent years has made payments easier than ever. The credit or debit card machine—called a point of sale terminal (POS)—can read the customer's banking information through the software application that's installed on the mobile device. Once the phone reads the information from the POS terminal, a signal is generated to inform the customer that the payment has been made. For mobile payments to work, the payer must have a higher-end mobile device with near-field communication (NFC) capability. The user then needs to set up their mobile wallet to contain their existing card information. The bank that issued your credit card often has to approve the new payment platform, and the payee must have capabilities to accept mobile payment. Checks have fallen out of favor over the years due to advancements in technology, allowing payments to be electronically submitted. However, there are instances when checks might be helpful, such as when the seller wants a guaranteed payment. A bank cashier's check or a certified check are two types of checks that banks offer to help sellers receive the money owed from the buyer. Checks are linked to a payer's bank account. Each check contains your bank's routing number (a nine digit code to identify financial institution) as well as your account number. When a check is written, the payee deposits the check, sending the transaction to a clearing unit. The clearing unit makes the appropriate changes to each party's account. Wire transfers and ACH payments (Automatic Clearing House) are typically used for larger or more frequent payments in which a check or credit card wouldn't be appropriate. A payment from a manufacturer to a supplier, for example, would typically be done via wire transfer, particularly if it was an international payment. An ACH payment is often used for direct deposits of payroll for a company's employees. Though both are transfers of electronic funds, ACHs and wire transfers are different. ACHs only work domestically, and often take one or more business days to fully process. Wires are most often processed same day but have location limitations. In addition, ACHs can often be reversed, while wire payments are permanent once the transaction is initiated. Digital currency or tokens are a more modern approach to facilitating transactions. The premise is simple: one person in possession of digital currency can send coins or tokens to any address on a blockchain. Blockchains with smart contract capabilities can interject logic to automatically withdraw or transfer specific amounts based on underlying conditions. The widespread use of cryptocurrency is still in its infancy stage, especially when compared with other payment systems above. However, cryptocurrency has the advantage in only needing an Internet connection to facilitate a payment; as long both parties have a digital wallet on the same network, payments can be made. The payee may choose to compromise on debt and accept partial payment in lieu of full settlement of the obligation, or it may offer a discount at their discretion. The payee may also impose a surcharge, for example, as in a late payment fee, or for the use of a certain credit card. Acceptance of payment by the payee extinguishes a debt or other obligation. A creditor cannot unreasonably refuse to accept a payment, but payment can be refused in some circumstances, such as on a Sunday or outside banking hours. A payee is usually obligated to acknowledge payment by producing a receipt to the payer, which may be regarded as an endorsement on an account as "paid in full." Every company that receives payments must set their payment terms. This payment term dictates when payment is due and whether the company offers a discount for early payment. Loans might use an equated monthly installment (EMI) payment system. EMI uses fixed payment amounts meant to be submitted on a specific date each month. The most common form of payment term is called "net 30" where a payment is due 30 days from the receipt of the invoice. A company may set the number of days to whatever they want; however, these terms must often be agreed to in the contract with the payee. In addition, a payer may offer a discount (i.e., 1%) if payment is made within a short period of time (i.e., 10 days). This is written as 1/10, net 30, and the company may offer that discount if it is urgent they receive cash. In a very basic, transactional contract, a good or service is provided at the same time, immediately proceeding, or immediately following payment. Consider buying an apple at a grocery store; you must pay before you can take it out of the store. Consider a haircut; you must pay immediately after the barber styles your hair. For more complex agreements that may require delivery of a good or a service to be performed over time, Consider a real estate developer that charges a 4% fee on a building they are constructing. The agreement for the developer fee may call for quarterly payments to the developer based on the percentage of completion of the building. Another example may be keeping a lawyer on retainer; payment must be made on a recurring basis in advance of any services being provided. In some contractual situations, one party to the contract may require payment upfront before service has been performed or the good has been delivered. More often for service agreements, the payee that receives payment has an obligation to perform on the contract after payment has been received. In addition, that payee must follow strict accounting guidance that limits their ability to record revenue until the payment is actually earned. Payment is the exchange of something of value as part of an agreement. One party makes payment and receives something else of value, while the other party receives payment in exchange for providing a good or service. The most traditional type of payment was through physical currency, but a majority of payment types now leverage technology. Traditionally, cash, debit cards, credit cards, and checks were the main types of payments. Now, more advanced forms of digital payments are becoming more popular. This includes online payment services, digital currencies, and electronic transfers. A bank payment is a transfer from one bank account to another. It is a form of digital payment that leverages technology to transfer currency. Instead of relying on transferring physical currency or writing a paper check, a bank payment can be issued for many reoccurring expenses (i.e. utility bills) or sporadic expenses (i.e. grocery bills). There is no single best form of payment, as each typically has its own advantages and disadvantages. More traditional forms for payment like cash don't need technology and are often universally accepted. More modern forms of payment have less risk of theft and may be accompanied by payment rewards. The world has always entered into agreements where one party pays another. The idea of trade and contracts will never go away, but the form in which payment is made has and will change over time. Today, instead of trading for cash, there are many different ways to make payment that rely on the Internet, technology, or digital platforms. Form of Payment accepted.","Form of Payment When you submit your notice of exercise, you must include payment of the option price for the shares you are purchasing.","Form of Payment When you submit your notice of exercise, you must include payment of the option price for the Shares you are purchasing.","Form of Payment When you exercise your Option, you must include payment of the option price indicated on the cover sheet for the shares of Stock you are purchasing.","Form of Payment When you submit your notice of exercise, you must include payment of the Exercise Price for the Shares you are purchasing.","If the Form of Payment selected provides for subsequent payments, subsequent payments shall be made on or about the anniversary of the initial payment.","If credit card or ACH payment is acceptable, initial the designated space(s) on the Bidder Acknowledgement under Form of Payment accepted.","At the time a Participant establishes a Stock Unit Subaccount, he/she must also elect a Payment Event and Form of Payment with respect to such subaccount.","A Participant who is eligible to receive a Restoration Plan Benefit hereunder shall receive payment of such benefit in the Normal Form of Payment unless the Participant, subject to Section 6.2(e) below, elects an optional form of distribution as described in Section 6.2(d) below or an annuity form of benefit otherwise available under the Retirement Plan.","At the time a Participant establishes a Directed Investment Subaccount, he/she must also elect a Payment Event and Form of Payment with respect to such subaccount."],"id":"form-of-payment","title":"Form of Payment"},"groups":[{"snippetLinks":[{"key":"applicable-form","type":"clause","offset":[10,25]},{"key":"payment-of","type":"clause","offset":[29,39]},{"key":"a-pension","type":"clause","offset":[40,49]},{"key":"section-10","type":"definition","offset":[66,76]},{"key":"nmsa-1978","type":"definition","offset":[84,93]}],"size":11,"samples":[{"hash":"8LUn6dv7Ljw","uri":" 20Regular/Amendments_In_Context/SB0128.pdf","label":"www.nmlegis.gov","score":15.0390143737,"published":false},{"hash":"coam941NG2d","uri":" 20Regular/Amendments_In_Context/SB0315.pdf","label":"www.nmlegis.gov","score":13.5934291581,"published":false},{"hash":"1I7F94fCwWp","uri":" 20Regular/Amendments_In_Context/SB0090.pdf","label":"www.nmlegis.gov","score":13.5564681725,"published":false}],"snippet":"means the applicable form of payment of a pension provided for in Section 10-11-117 NMSA 1978;","hash":"8434395e70bb164ceee798af3e70729b","id":1},{"snippetLinks":[{"key":"lump-sum","type":"definition","offset":[19,27]},{"key":"annual-installments","type":"clause","offset":[36,55]},{"key":"in-connection-with","type":"clause","offset":[127,145]},{"key":"separation-from-service","type":"clause","offset":[148,171]},{"key":"change-of-control","type":"definition","offset":[175,192]},{"key":"a-participant","type":"clause","offset":[210,223]},{"key":"account-balance","type":"definition","offset":[251,266]}],"size":9,"samples":[{"hash":"hu45qWqCVkm","uri":" ,"label":"Deferred Compensation Plan (DuPont De Nemours, Inc.)","score":17.5934291581,"published":false},{"hash":"3PGuTtxBfC0","uri":" ,"label":"Deferred Compensation Plan (DowDuPont Inc.)","score":17.4099931554,"published":false},{"hash":"dU5Uegl0wp8","uri":" ,"label":"Deferred Compensation Plan (DowDuPont Inc.)","score":15.665982204,"published":false}],"snippet":"means either (i) a lump sum or (ii) annual installments (for up to fifteen (15) years). Annual installments are available only in connection with a Separation from Service or Change of Control. In the event of a Participant's death, his/her remaining Account balance will be distributable in a single lump sum.","hash":"ff2f3458dc6079dce78721f2e6d47340","id":2},{"snippetLinks":[{"key":"lump-sum","type":"definition","offset":[21,29]},{"key":"substantially-equal","type":"definition","offset":[36,55]},{"key":"annual-installments","type":"clause","offset":[78,97]},{"key":"not-to-exceed","type":"clause","offset":[98,111]}],"size":8,"samples":[{"hash":"5bnfbFaLjKE","uri":" ,"label":"Participant Agreement (Dow Chemical Co /De/)","score":21.3333333333,"published":false},{"hash":"f8scsp5McRj","uri":" ,"label":"Dow Inc.","score":17.2457221081,"published":false},{"hash":"8RYixUZanAH","uri":" ,"label":"www.sec.gov","score":16.340862423,"published":false}],"snippet":"means payment in one lump sum or in substantially equal monthly, quarterly or annual installments not to exceed 15 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Bargaining Agreement","score":22.1334702259,"published":true},{"hash":"b5eGSUicshk","uri":"/contracts/b5eGSUicshk#form-of-payment","label":"Collective Bargaining Agreement","score":21.3819301848,"published":true}],"snippet":"All retirement benefits payable hereunder shall be paid as non-elective employer contributions into a 403(b) account established by the employee. Such contributions shall be made in accordance with the terms of this agreement, except that no employer contributions, when combined with the employee’s own 403(b) deferrals, if any, shall exceed the contribution limits of Section 415(c)(1) of the Internal Revenue Code. If the amount due under this agreement exceeds the applicable contribution limit for any year, the unpaid amount shall be contributed into the employee’s 403(b) account in the next calendar year to the extent permitted under the applicable limitations, and shall continue in each succeeding calendar year until the entire amount due hereunder has been contributed into the employee’s 403(b) account. Any amount not contributed into the employee’s 403(b) account at the end of the fifth year following the year in which the employee retired shall be paid in cash to the employee, or to his/her heirs if his/her death occurs before then. The employee shall have no option to receive any supplemental retirement benefit as a cash benefit, except to the extent benefits are still unpaid at the end of the fifth year following the year of the employee’s retirement, or in the event of his/her death. Employees who have taken a sabbatical leave in the year of retirement, except for medical reasons, are not eligible for this retirement payment unless granted a waiver by the Board of School Directors.","hash":"182808af08f7e4c255932d3e3e388871","id":7},{"snippetLinks":[{"key":"debit-card","type":"definition","offset":[23,33]},{"key":"prepaid-card","type":"definition","offset":[37,49]}],"size":2,"samples":[{"hash":"h9WbqqWA4e0","uri":" ,"label":"www.justice.gov","score":11.1704312115,"published":false},{"hash":"lhD0m280FKF","uri":" ,"label":"media.mcguirewoods.com","score":7.6214921287,"published":false}],"snippet":"means cash, a check, a debit card, a prepaid card, or any other","hash":"3861471125ba6cb5329ba9be86b82b08","id":8},{"snippetLinks":[{"key":"lump-sum","type":"definition","offset":[19,27]},{"key":"annual-installments","type":"clause","offset":[31,50]},{"key":"not-to-exceed","type":"clause","offset":[51,64]}],"size":2,"samples":[{"hash":"6iZOOoS7oXF","uri":" ,"label":"Deferred Compensation Plan (Dow Chemical Co /De/)","score":21.3333333333,"published":false},{"hash":"31wKMrJzHbR","uri":" ,"label":"d18rn0p25nwr6d.cloudfront.net","score":13.3552361396,"published":false}],"snippet":"means payment in a lump sum or annual installments not to exceed 10 years as set forth in Section 7.01(b).","hash":"cc21c2e4b20b3942bec23b7fce99532e","id":9},{"snippetLinks":[{"key":"the-participant","type":"clause","offset":[0,15]},{"key":"distribution-of","type":"clause","offset":[54,69]},{"key":"vested-portion","type":"clause","offset":[81,95]},{"key":"participant-account","type":"definition","offset":[103,122]},{"key":"lump-sum","type":"definition","offset":[128,136]},{"key":"monthly-installments","type":"definition","offset":[140,160]}],"size":2,"samples":[{"hash":"i7vcrNK5vI2","uri":" ,"label":"Carnival PLC","score":0,"published":false}],"snippet":"The Participant's election shall indicate the form of distribution of the entire vested portion of his Participant Account in a lump sum or monthly installments over 5, [or] 10, 20 OR 30 years.","hash":"9443391da96eddff0654f3833c3358ac","id":10}],"nextCurs":"ClwSVmoVc35sYXdpbnNpZGVyY29udHJhY3RzcjgLEhpEZWZpbml0aW9uU25pcHBldEdyb3VwX3Y1NSIYZm9ybS1vZi1wYXltZW50IzAwMDAwMDBhDKIBAmVuGAAgAA=="}} id=pagination-first-page> Here’s an in-depth analysis of Civil Law > Obligations and Contracts > Extinguishment of Obligations > Payment > Special Forms of Payment, meticulously tailored for a Philippine legal context. I. Overview of Payment as a Mode of Extinguishing Obligations In Philippine law, under the Civil Code of the Philippines, obligations may be extinguished in various ways, one of which is by payment or performance. Payment generally refers to the fulfillment of an obligation to deliver a sum of money or to perform a service. The debtor’s act of fulfilling this obligation extinguishes the debt. However, the law also recognizes Special Forms of Payment, which serve as alternative means to extinguish obligations, under specific circumstances. II. Special Forms of Payment Special forms of payment under Philippine law are ways in which obligations can be extinguished outside the regular methods of paying or performing obligations. These include dation in payment (dación en pago), application of payments, tender of payment and consignation, and cession in payment. Dation in Payment (Dación en Pago) Definition and Nature: Dation in payment occurs when the debtor transfers ownership of a property to the creditor as a means of extinguishing a debt. It is a form of payment where instead of paying cash, the debtor offers something else to settle the obligation. This form of payment is considered as a novation of the obligation, where the original obligation is substituted with a new one. Requirements: Agreement: There must be an agreement between the debtor and creditor that the thing given in payment will extinguish the debt. Transfer of Ownership: The debtor must deliver and transfer ownership of the thing to the creditor. Capacity to Transfer: The debtor must have the legal capacity to dispose of the thing offered in dation. Thing Must Have Value: The value of the thing given must be proportionate to the amount of the debt. If the value does not match the debt, the creditor may either accept it as partial payment or refuse it. Legal Effect: Upon acceptance, the original debt is extinguished, and the creditor becomes the owner of the thing given in payment. Application in Practice: Dation in payment is commonly used in the settlement of debts involving property, particularly real estate. Application of Payments (Aplicación de Pagos) Definition: Application of payments is a process by which a debtor who owes multiple debts to the same creditor designates which specific debt should be extinguished by a particular payment. Rules on Application: Debtor’s Right to Choose: The debtor has the primary right to designate which debt will be paid if he or she owes more than one debt to the same creditor. Creditor’s Choice if Debtor Doesn’t Choose: If the debtor does not make an application, the creditor may choose which debt will be applied with the payment. Default Rule: If neither the debtor nor the creditor makes an application, the payment is applied to the most onerous debt. If debts are of equal burden, it will be applied proportionately. Legal Effect: Once applied, the chosen debt is extinguished to the extent of the payment made, reducing the outstanding balance of that specific obligation. Limitations: The application of payments cannot be used to extinguish future debts or obligations not yet due. Tender of Payment and Consignation Definition: Tender of payment is the offer by the debtor to pay the amount due, and consignation is the act of depositing the amount due with the court or other appropriate authority when the creditor refuses to accept payment. Conditions for Consignation: Valid Tender of Payment: A valid offer or tender of payment must have been made first by the debtor, and it must be unconditional and complete. Creditor’s Refusal: Consignation may proceed if the creditor unjustly refuses to accept the valid tender of payment. Judicial Deposit: The debtor must deposit the amount due with the proper court or agency. Notification of Consignation: The creditor must be notified of the consignation for it to be valid. Effects of Consignation: Upon completion, consignation extinguishes the obligation as though payment had been made directly to the creditor. If the court finds consignation valid, the debtor is released from the obligation. Practical Use: This form is commonly used when the creditor unjustly refuses to accept payment or when other circumstances prevent the debtor from directly paying the creditor. Cession in Payment (Cession en Pago) Definition: Cession in payment involves a debtor assigning or surrendering all his or her assets to creditors so they may sell them and apply the proceeds to satisfy outstanding obligations. Requirements: Debtor’s Insolvency: Cession typically applies when the debtor is insolvent. Acceptance by Creditors: Creditors must agree to accept the assignment of assets to extinguish the debt. Assignment of All Assets: The debtor must assign all available assets for creditors to liquidate and distribute among themselves. Effects: The debtor is generally discharged from obligations only up to the amount realized from the liquidation of assets. It does not extinguish the debt in full unless creditors agree to accept the proceeds as complete payment. Creditors receive payment proportionally based on the amounts owed. Application: Cession is typically used in cases of bankruptcy or insolvency as a way for the debtor to settle as many obligations as possible with existing assets. III. Comparative Analysis of Special Forms of Payment Special Form Method Effect Typical Application Dation in Payment Transfer of ownership Extinguishes debt upon creditor’s acceptance, substitutes original obligation Real estate or valuable property settlements Application of Payments Choosing which debt to apply payment Reduces the balance of selected debt; extinguishes debt to extent of payment Situations with multiple debts to same creditor Tender & Consignation Offer to pay and deposit in court Extinguishes debt if payment is valid and creditor unjustly refuses Situations with creditor’s refusal Cession in Payment Assignment of all assets to creditors Extinguishes debt to extent of asset liquidation; creditors paid proportionally Bankruptcy or insolvency proceedings IV. Conclusion The Civil Code of the Philippines offers these special forms of payment to provide both debtors and creditors with flexible means of extinguishing obligations when straightforward payment is not possible or practical. Each form serves specific purposes and has unique legal implications, particularly relevant in cases involving insolvency, multiple debts, or refusal of payment. Disclaimer: This content is not legal advice and may involve AI assistance. Information may be inaccurate. Many factors can go into setting payment terms for your customers, particularly for large or recurring sales. These terms outline not only how much a buyer owes you but whether particular buyers can pay you in installments when they need to have the full payment ready and what the consequences will be if their payment is delinquent. Optimized payment terms consolidate these critical details — the what, why, and how — into a common, centralized, and contractually obligated format. In this article, we’ll explore common payment terms and how to optimize them so you can get paid faster. Why are payment terms important? Payment terms are crucial in streamlining business-to-business (B2B) sales interactions. Unlike consumer transactions, in which payments often occur upfront and with an immediate exchange for goods, B2B deals typically involve a delay between the delivery of the product and the actual payment. This delay is based on a promise to pay later, which can offer flexibility to your customers but also creates opportunities for payment challenges. Having clear payment terms is essential for managing cash flow effectively. Not knowing precisely when funds will come into your bank account limits when you can send money out of that account to cover your operating expenses and purchases. Well-defined payment terms help eliminate much of the guesswork surrounding payment timelines while providing clarity — and accompanying incentives — to discourage your customers from not paying on time. What are the payment terms on an invoice? You’ll want to inform current and potential buyers of your payment terms early on and often. Your buyers will most likely notice payment terms when they are outlined on your invoices, but they can also be found on initial contracts, company websites, or other sales materials. The invoice terms that you’ll want to include on every payment request are the following: Invoice date Payment due date Late fees Amount due Discounts (e.g., early payment discount, accumulation discount) Rules for deposits or advanced payments Payment plan details Accepted payment methods Currency requirements These terms ultimately highlight when and how often payments are due, as well as any penalties for late payments, to ensure your business gets paid. Common invoice payment terms Given the vast amount of detail you need to include on a given invoice, many fields and descriptors rely on short-hand labels and acronyms to save space. If you’re new to invoicing, some of these turns of phrase can be difficult to parse. Here are some of the most common invoice terms you’ll need to know: 1MD: Identifies a credit payment for an entire month’s supply Accumulation discount: A pricing reduction for larger orders CBS: Cash before shipment — the purchased item will not be shipped until payment is received CIA: Cash in advance — a strategy that moves all of the risk to the buyer, requiring upfront payment before anything is produced or shipped CND: Cash next delivery — commonly used for reoccurring purchases or subscription plans, this descriptor indicates that full payment is due before the next delivery date COD: Cash on delivery — the payment must be rendered at the time of product or service delivery CWO: Cash with order — an alternate phrasing for cash in advance EOM: End of month — typically used to identify that a payment is due on the last day of the same month as when the invoice was created Forward dating: Indicates that the invoice date has been artificially pushed back (commonly until after the delivery date) to offer the buyer more time before the payment terms take effect Partial payment discount: During times of low cash, a seller might offer special price reductions for partial invoice payments made within a set time period PIA: Payment in advance — an alternate phrasing for cash in advance Preferred payment method discount: A price reduction or waived processing fees when a buyer pays through a specific, favored channel, such as an automated clearing house (ACH) payment Rebate: A full or partial refund is sent out to the buyer after payment has been rendered Stage payments: Reoccurring partial payments that transpire over a set period of time Trade-in credit: A discount applied to the buyer’s account after an item was previously returned Upon receipt: The payment is due when the buyer receives the invoice X MFI: A due date that occurs on a specific day of the month following the invoice date, where X = the specific date of the month Y/Z Net X: A common descriptor for an early payment discount where Y = the percentage of the discount, Z = the number of days that the discount is available after the invoice date, and X = the number of days after invoicing when full payment is due Types of payment terms Now that you know how payment terms work and what they mean, the next step is to decide how you will accept payments. Some of the more common plans are: Immediate payment The most low-risk option, terms that require immediate payment upon delivery, eliminates the possibility of generating bad debt. However, this approach will also severely limit the size of your potential customer pool, given that many buyers will want to leverage their payment timelines to enact more nuanced control over their cash flows. Installment agreements For larger, long-term projects, consider installment agreements that allow buyers to break up their purchases over multiple payments. The timing for these sub-charges can be based on a set period or triggered when certain project milestones are reached. Lines of credit Predominantly offered by larger businesses, a line of credit allows buyers to finalize an initial purchase while extending the actual payment timeline. In contrast to an installment agreement, lines of credit typically set a minimum monthly payment — commonly a percentage of the total balance — that needs to be rendered during each pay period. The outstanding balance, in turn, is charged an ongoing interest rate until the total balance is paid in full. Net X Also known as the standard payment term, this approach reflects one of the most straightforward and common credit-based payment options. The “X” indicates how many days the customer has after the invoice has been created to render payment without incurring late fees — typically 7, 10, 15, 30, 60, or 90 days. Partial payment Partial payments are a hybrid approach in which a certain percentage of the total invoice amount must be paid within a specified timeframe before the full payment is due for the entire purchase. With this approach, sellers can better control and predict their cash flows without placing too much of a financial burden on buyers. Typically, partial payment terms are only offered for brief periods. Prepayment An advanced billing strategy will improve your cash flow and shift nearly all transactional risk to the buyer. However — just as with immediate payment terms — solely offering this payment approach will artificially limit the available pool of potential customers that you can reach. Typically, businesses that offer prepayment options will bundle these with a corresponding discount that encourages prepayment without demanding it. Subscriptions and retainers These subscription payment strategies, common among software vendors and service providers, establish an ongoing cost for the relevant offering that must be paid on a recurring basis to maintain access. How to use payment terms Your payment methods should align with your sales cycle, business plans, and cash flow needs. You have the flexibility to adjust these methods based on changes in your financial situation. It’s important that your payment policies benefit your business and provide advantages for your customers, such as flexibility, control, competitive pricing, and incentives for positive payment behavior. Payment terms example As we’ve previously mentioned, you’ll want to document all relevant payment terms on every invoice you send out. Typically, these details should be centralized into a handful of areas on the actual invoice. Let’s take a look at an example invoice with several payment term elements: How to optimize your payment terms so you can get paid faster Most payment terms are designed to provide flexibility to your customers and attract new business. However, being overly generous with these terms can quickly eat away at your cash reserves and threaten your business’s financial health. As such, when establishing payment terms, you should also utilize them to incentivize faster payments—particularly since the more time that passes after an invoice has been sent, the less likely that the bill will actually be paid. Some effective strategies you can try are to: 1. Charge a late fee Typically, your customers want to pay the lowest possible price for their purchases, so applying additional charges to past-due invoices will often encourage prompt action. Of course, you’ll need to balance this “punitive” measure against the potential annoyance to your customers — with most organizations keeping this fee between 1% to 1.5% of the total amount due. If you choose this approach, clearly document the potential late fee in the initial contract, submitted invoices, and any payment reminders. Consider applying an internal grace period of a handful of days before adding these fees to a customer account to allow for short, unexpected delays. 2. Automate your collections follow-up Ask yourself this: How much time and effort do you want to spend chasing after your money? Yes, you can dedicate multiple employees to your dunning efforts — the various phone calls, emails, and texts you send out as reminders for payment. But is that the best use of their time? Automating these efforts can significantly benefit your A/R team. For instance, utilizing features like Invoiced’s Smart Chasing as part of our Accounts Receivable Automation software can deliver consistent, repeatable reminders to your customers through multi-channels. This approach helps ensure that your customers stay aware of their outstanding debt, keeping it at the forefront of their attention. 3. Accept different payment methods This strategy will offer more convenient options for your customers to close out their purchases and open up a broader market of potential buyers. Of course, not all payment types — and their accompanying processing fees — are equally lucrative for your business. So, while you should offer a broad set of payment options, prioritizing cost-effective channels will benefit your bottom line. Alternatively, you can charge customers convenience fees or other costs to cover processing expenses more effectively. Invoiced’s A/R software makes it possible to add these fees when applicable. 4. Leverage early payment discounts Another strategy that directly impacts your customer’s bottom line is early payment discounts, which take a more positive approach to encouraging prompt responses from buyers. These price reductions reflect a 1% to 2% discount on average. Typically, you’ll only want to offer this incentive for limited periods — particularly when facing a temporary drop in cash flow. Depending on your profit margins, maintaining such a price reduction for an ongoing period could quickly eat into your financial progress and overall business growth. 5. Request an advanced payment This approach is commonly reserved for new customers or buyers with a poor credit history. While you can ask for the total payment upfront, it’s often wiser to ask for only the amount that covers material costs and initial labor for the product or service. With this approach, businesses can limit risk exposure without overburdening the customer. If you do opt for this approach, you’ll also want to amend your payment terms to outline any protections for the buyer, such as obligated delivery timelines and the refund process in the event of non-delivery. 6. Offer customizable payment terms Not all customers will be in the same financial situation, so it’s important not to take a one-size-fits-all approach to your payment terms. You should provide buyers with options not only in the type of payment terms but also in their underlying conditions. Some businesses—particularly those with a longer sales cycle—might need Net 60 terms, or they might be more responsive to a 2/5 early payment discount over a 1/10 one. The more closely you can match the incentives and options that you offer to your customers’ unique business needs, the more likely your customers will choose your business as a preferred vendor. Of course, accommodating these varying conditions can quickly become complicated to manage. Investing in an automated payments platform is one solution that allows self-service payment controls that can natively manage automatic payments, short payments, discounts, taxes, fees, and more. With Invoiced Accounts Receivable software, you can create customized payment terms on a customer-by-customer basis and, if desired, invoice-by-invoice basis, all while maintaining the automated nature of your dunning efforts. Create customized payment terms and get paid faster with Invoiced Invoiced is an all-in-one Accounts Receivable solution that offers a wide range of strategies to optimize your payment terms. Our software gives you nuanced control over your payment terms and the ability to set company-wide standards or create individual conditions for each unique customer or invoice. At the same time, our platform can automatically process deductions, apply discounts, and chase payments with little human intervention. The built-in payments portal empowers buyers to place orders, review invoices, finalize payments, dispute charges, and negotiate terms from one interface. Schedule a demo today to explore how you can get paid faster using our A/R automation software. Payment Form and the HRC Payment Affidavit.","Failure to provide the HRC Progress Payment Form and the HRC Payment Affidavit with each invoice submitted by Contractor shall entitle City to withhold 20% of the amount of that invoice until the HRC Payment Form and the HRC Subcontractor Payment Affidavit are provided by Contractor.","If Contractor’s failure to provide HRC Progress Payment Form is not explained to the Controller’s satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until HRC Progress Payment Form is provided.","For information regarding the amount of the late fees, see the Multifamily Fee Payment Form, found on the Website.","Failure to provide the CMD Progress Payment Form and the CMD Payment Affidavit with each invoice submitted by Contractor shall entitle City to withhold 20% of the amount of that invoice until the CMD Payment Form and the CMD Subcontractor Payment Affidavit are provided by Contractor.","Each invoice submitted to City for payment shall include the information required in the CMD Progress Payment Form and the CMD Payment Affidavit.","If you wish to pay your residence fees by a single payment please use one of the methods in the Payment Form, and no £550 pre-payment is required.","Name (as shown on credit card): Mailing Address: Phone Number: Email (optional): Signature of Credit Card Holder: 08-4438 Rev 12/26/18 Credit Card Payment Form (all major cards accepted) CREDIT CARD INFO: Your payment cannot be processed unless all fields are completed! 1.","All providers who are required to pay an application fee to participate in the Medicaid program must submit an Application Payment Form.","Contractor acknowledges that it will not receive payment on any Claim for Payment Form submitted under this agreement if it does not comply with the State Comptroller of New York’s electronic payment procedures, except where the Commissioner has expressly authorized payment by paper check as set forth above."],"id":"payment-form","title":"Payment Form"},"groups":[{"snippet":"means the manner of payment as specified in Section 2.5.","samples":[{"hash":"7ypcYkuFejm","uri":"/contracts/7ypcYkuFejm#payment-form","label":"Trustee Deferred Compensation Agreement (Invesco High Income 2024 Target Term Fund)","score":28.9069130732,"published":true},{"hash":"koTNEaqCaVI","uri":"/contracts/koTNEaqCaVI#payment-form","label":"Trustee Deferred Compensation Agreement (Invesco High Income 2023 Target Term Fund)","score":27.7761806982,"published":true},{"hash":"2VxprRhMwTD","uri":"/contracts/2VxprRhMwTD#payment-form","label":"Trustee Deferred Compensation Agreement (Aim Treasurers Series Trust (Invesco Treasurer's Series Trust))","score":26.954825462,"published":true}],"size":14,"snippetLinks":[{"key":"manner-of-payment","type":"definition","offset":[10,27]},{"key":"as-specified","type":"clause","offset":[28,40]}],"hash":"e5827ac757df77926a9ea2ceb002ed76","id":1},{"snippet":"means the document or documents, voice response or electronic media prescribed by the Plan Administrator pursuant to which a Participant shall elect the time and form for distribution of his or her Account balance, as provided under Article 7.","samples":[{"hash":"7K3dzbdH0XF","uri":"/contracts/7K3dzbdH0XF#payment-form","label":"Quarterly Report","score":23.5023956194,"published":true},{"hash":"a3OxzmpVTso","uri":" ,"label":"Waste Management Inc","score":5,"published":false},{"hash":"g0Uw1M5oqah","uri":" ,"label":"Waste Management Inc","score":4,"published":false}],"size":5,"snippetLinks":[{"key":"document-or-documents","type":"definition","offset":[10,31]},{"key":"voice-response","type":"clause","offset":[33,47]},{"key":"electronic-media","type":"clause","offset":[51,67]},{"key":"the-plan-administrator","type":"clause","offset":[82,104]},{"key":"pursuant-to","type":"definition","offset":[105,116]},{"key":"participant-shall","type":"definition","offset":[125,142]},{"key":"distribution-of","type":"clause","offset":[171,186]},{"key":"account-balance","type":"definition","offset":[198,213]},{"key":"article-7","type":"definition","offset":[233,242]}],"hash":"e4b48badf5865ede2f3ef06a112f5348","id":2},{"snippet":"means the Elected Payment Form or, if no such form is elected by a Participant, the Default Payment Form.","samples":[{"hash":"aiV0ych4qXu","uri":" ,"label":"Executive Retirement Plan (Wyeth)","score":12,"published":false},{"hash":"3FgAUrx2Y6T","uri":" ,"label":"Executive Retirement Plan 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(Wyeth)","score":12,"published":false}],"size":3,"snippetLinks":[{"key":"elected-payment-form","type":"definition","offset":[10,30]},{"key":"the-participant","type":"clause","offset":[95,110]},{"key":"default-payment-form","type":"definition","offset":[116,136]},{"key":"each-case","type":"definition","offset":[141,150]},{"key":"payment-of","type":"clause","offset":[159,169]},{"key":"plan-benefit","type":"definition","offset":[172,184]}],"hash":"fc4f5a7e0c358259d09a197cedee0649","id":4},{"snippet":"means the document, documents, or electronic media prescribed by the Plan Administrator pursuant to which a Participant shall elect the time of distribution of his Account balance, and, with respect to the Participant’s initial year of participation except as otherwise set forth in Section 8.1(b)(ii), the form of payment of his Account balance, as provided under Article 8.","samples":[{"hash":"fAsobhmmiH6","uri":" 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benefit payment elected by the Participant in accordance with the election provisions of Section 2.2. The available Payment Forms are lump sum payment and annual installments over a period of between two and ten years, as elected on a Participant’s election form. If no Payment Form has been elected, the Payment Form shall be a lump sum payment. In addition, Participants may elect to have benefit payment accelerated and paid in a lump sum payment upon Participant’s Disability. The amounts of lump sum payments and annual installments shall be calculated using actuarial rates and assumptions used under the Pension Plan to convert the normal form of retirement benefit into a lump sum or installment form of benefit.","samples":[{"hash":"7lrCFTYykEM","uri":" ,"label":"Omnova Solutions Inc","score":8,"published":false}],"size":2,"snippetLinks":[{"key":"with-respect-to","type":"clause","offset":[7,22]},{"key":"form-of-benefit-payment","type":"clause","offset":[44,67]},{"key":"the-participant","type":"clause","offset":[79,94]},{"key":"in-accordance-with","type":"definition","offset":[95,113]},{"key":"provisions-of","type":"clause","offset":[127,140]},{"key":"section-22","type":"clause","offset":[141,152]},{"key":"payment-forms","type":"definition","offset":[168,181]},{"key":"annual-installments","type":"clause","offset":[207,226]},{"key":"period-of","type":"definition","offset":[234,243]},{"key":"ten-years","type":"clause","offset":[260,269]},{"key":"a-participant","type":"clause","offset":[285,298]},{"key":"election-form","type":"definition","offset":[301,314]},{"key":"no-payment","type":"clause","offset":[319,329]},{"key":"the-payment","type":"clause","offset":[353,364]},{"key":"in-addition","type":"clause","offset":[399,410]},{"key":"upon-participant","type":"clause","offset":[502,518]},{"key":"lump-sum-payments","type":"definition","offset":[548,565]},{"key":"the-pension-plan","type":"clause","offset":[659,675]},{"key":"to-convert","type":"clause","offset":[676,686]},{"key":"form-of-retirement-benefit","type":"clause","offset":[698,724]}],"hash":"13c3757190d396ccbb2e72d21165619b","id":6},{"snippet":"means one of the following forms of payment on Retirement elected in a Participant’s Election:","samples":[{"hash":"alvpCGrqcHX","uri":" ,"label":"Retirement Plan (Sigma Aldrich Corp)","score":10,"published":false}],"size":1,"snippetLinks":[{"key":"payment-on-retirement","type":"clause","offset":[36,57]},{"key":"a-participant","type":"clause","offset":[69,82]}],"hash":"59e170345ef91e20bb9a508d9ae25a41","id":7},{"snippet":"means, with respect to any Participant, the form of payment of the Aggregate Account Balance elected by the Participant in the initial Participation Agreement submitted to the Administrator upon entry into the Plan (or, as changed by the submission of a new Participation Agreement in accordance with Section 3.3). If no other form of payment is so elected, or if any form of payment elected is not valid, the Payment Form shall be a lump sum. The available Payment Forms shall be lump sum and monthly or quarterly installment payments for period of five, 10 or 15 years.","samples":[{"hash":"ibrCMsYHyqq","uri":" ,"label":"Deferred Compensation Plan (Procentury Corp)","score":12,"published":false}],"size":1,"snippetLinks":[{"key":"with-respect-to","type":"clause","offset":[7,22]},{"key":"payment-of-the","type":"clause","offset":[52,66]},{"key":"aggregate-account-balance","type":"definition","offset":[67,92]},{"key":"the-participant","type":"clause","offset":[104,119]},{"key":"initial-participation-agreement","type":"definition","offset":[127,158]},{"key":"to-the-administrator","type":"clause","offset":[169,189]},{"key":"the-plan","type":"clause","offset":[206,214]},{"key":"submission-of","type":"clause","offset":[238,251]},{"key":"in-accordance-with","type":"definition","offset":[282,300]},{"key":"section-33","type":"clause","offset":[301,312]},{"key":"the-payment","type":"clause","offset":[406,417]},{"key":"lump-sum","type":"definition","offset":[434,442]},{"key":"payment-forms","type":"definition","offset":[458,471]},{"key":"payments-for","type":"clause","offset":[527,539]},{"key":"period-of","type":"definition","offset":[540,549]}],"hash":"7eb64f4ce87875eec1bf27886ba27233","id":8},{"snippet":"means the Online Form which the Client has filled out to purchase the Services set out in this Agreement, detailing the pricing and details of the services to be provided by Pairview, as well as any payment plan.","samples":[{"hash":"1wYkeAwPrno","uri":"/contracts/1wYkeAwPrno#payment-form","label":"Workshop Terms and Conditions","score":23.1259411362,"published":true}],"size":1,"snippetLinks":[{"key":"the-client","type":"definition","offset":[28,38]},{"key":"the-services","type":"definition","offset":[66,78]},{"key":"set-out","type":"definition","offset":[79,86]},{"key":"in-this-agreement","type":"definition","offset":[87,104]},{"key":"details-of-the","type":"clause","offset":[132,146]},{"key":"services-to-be-provided-by","type":"clause","offset":[147,173]},{"key":"payment-plan","type":"definition","offset":[199,211]}],"hash":"07f6baca6b60a2038c0531c05a99f11f","id":9},{"snippet":"means one of the following forms of payment on Retirement elected in a Participant’s Election: (i) a lump sum payment or (ii) annual installments payments (not to exceed fifteen (15) years).","samples":[{"hash":"9kxKzRQ5zDT","uri":" ,"label":"Retirement Plan (Sigma Aldrich Corp)","score":13.106091718,"published":false}],"size":1,"snippetLinks":[{"key":"payment-on-retirement","type":"clause","offset":[36,57]},{"key":"a-participant","type":"clause","offset":[69,82]},{"key":"lump-sum-payment","type":"definition","offset":[101,117]},{"key":"annual-installments","type":"clause","offset":[126,145]},{"key":"not-to-exceed","type":"clause","offset":[156,169]}],"hash":"a5174919f870f1f8a5f84c69a30804c9","id":10}],"nextCurs":"ClkSU2oVc35sYXdpbnNpZGVyY29udHJhY3RzcjULEhpEZWZpbml0aW9uU25pcHBldEdyb3VwX3Y1NSIVcGF5bWVudC1mb3JtIzAwMDAwMDBhDKIBAmVuGAAgAA=="}} id=pagination-first-page> Using FormSG, PaySG and Plumber, users can now create payment forms to collect one-time payments or create recurring payments. This workflow uses the form input to automatically create and redirect users to a payment link.The payment flow is as follows:Payer accesses payment form and selects payment amount.Payer is redirected to payment page to complete payment.View the payment form demoWhat's the difference between payment forms and other payment workflows with Plumber?Payment forms redirect payers to make payment within the same page of form submission. Without successful payment, the form cannot be submitted.Currently, subscriptions can only be initiated via a payment forms workflow with Plumber.Last updated 2 months ago Form of payment refers to the method or manner in which a financial transaction is completed. It specifies how a buyer or debtor will settle their obligations to a seller or creditor. Common forms of payment include cash, checks, credit or debit cards, bank transfers, digital wallets, and other electronic methods. The form of payment can vary depending on the nature of the transaction, the agreement between the parties, and the preferences or policies of the involved entities.The form of payment can also include the timing of payment (e.g., upfront, upon delivery, or in installments) and any conditions or requirements for how the payment is made (such as using a particular currency, payment platform, or method).Why is form of payment important?The form of payment is important because it defines the terms of how and when payments will be made, ensuring that both parties are clear on the transaction process. It helps protect both buyers and sellers by reducing confusion or disputes over payment methods. From a business perspective, offering multiple forms of payment can make transactions more convenient for customers and improve cash flow. For consumers, knowing the available forms of payment allows for smoother and more efficient transactions.Additionally, specifying the form of payment in contracts, agreements, or invoices can ensure compliance with tax, legal, and business requirements.Understanding form of payment through an exampleImagine a business enters into a contract to purchase equipment from a supplier. The form of payment is specified in the contract as a bank transfer, with payment due within 30 days of the invoice date. This ensures that the buyer knows they need to arrange for the payment through their bank, and the supplier knows the expected timeline for receiving the funds.In another example, a freelance contractor is hired for a project and agrees to receive payment via PayPal. The contractor provides their PayPal email address, and the client transfers the agreed-upon amount electronically. The form of payment here is clearly defined as a digital wallet payment.An example of a form of payment clauseHere’s how a form of payment clause might look in a contract:“The Buyer agrees to pay the Seller a total sum of [Insert Amount] in the form of a wire transfer to the account designated by the Seller. Payment shall be due within [Insert Number] days of the invoice date. The Buyer may also elect to pay by credit card or electronic funds transfer, subject to prior approval from the Seller.”ConclusionThe form of payment is a crucial aspect of any financial transaction, as it ensures clarity on how and when payment will be made. Whether through cash, credit card, electronic transfer, or other methods, specifying the form of payment in contracts and agreements helps prevent misunderstandings and provides both parties with clear expectations. Offering a range of payment options can enhance customer satisfaction, improve business efficiency, and ensure compliance with financial regulations. This article contains general legal information and does not contain legal advice. Cobrief is not a law firm or a substitute for an attorney or law firm. The law is complex and changes often. For legal advice, please ask a lawyer. What are invoice payment terms? Payment terms refer to agreements that set payment options and expectations for payments. To ensure that they receive prompt payments, business owners set payment terms. The more common payment terms are net 30 and net 60. Net 30 means that the business owner expects payment within 30 days from the invoice date. Net (number of days) is a credit term that means a business delivered a product or service first in expectation of receiving compensation at the stated date. Example of how payment terms work Imagine you’re about to open a storefront and purchase equipment worth $4,000 on credit. You recently delivered goods worth $6,000 to a customer and submitted an invoice. You hope that the client will make the payment by the end of the month. The payment due date arrives and elapses, but still no payment. Attempts at follow-up with the client remain futile. As a result of the unpaid invoices, you’re paying utility bills and wages for a store that isn’t generating enough money, and you have to clear the accounts payable. Instead of making money, you wind up losing it. This shows the importance of payment terms. Since not every customer can make an immediate payment, create a professional invoice highlighting the payment terms of the sale. Make a concise and easy-to-understand invoice with stage payments options and discounts to incentivize early payments. Also, include late payment penalties to discourage overdue payments. That will increase your chances of receiving payments on the invoice due date and reduce the amount of accounts receivable. The 12 most common invoice payment terms Cash account – this term refers to invoices that clients must pay in cash. In this case, credit is not applicable. Cash before shipment (CBS) – this term is common among businesses that make custom work for clients, such as designers, artists, and furniture makers. They typically require a down payment before shipping the goods to protect them from loss should the client fail to clear the rest of the invoice. Cash in advance (CIA) – this term is similar to CBS. However, this one indicates a requirement for full payment before work begins. Also known as Payment in Advance (PIA). Cash next delivery (CND) – this term is for businesses with repeat clients. This means that you must pay an order in full before the next scheduled delivery. Other invoice terms that mean the same are recurring invoicing or recurring invoices. Cash on delivery (COD) – indicates that cash, or an equivalent, is due when the client receives the invoice. Cash with order (CWO) – this is similar to CBS. However, this requires upfront payment before order fulfillment and goods creation. Contra payment – happens when a business issuing an invoice also owes money to the company receiving the invoice. There is an allowance for payments in services or products instead of cash. End of month (EOM) – indicates that payment is due on the last day of the month of the invoice date. Interest invoice – is a special invoice issued for late fees and interests accrued on previous unpaid invoices. Terms of sale – the details of the order invoice. These can include a due date, total amount of the order, quantity and quality of goods, invoice number, delivery date, and acceptable payment methods. Net 7/10/30/60/90 – implies that a payment is due in 7, 10, 30, 60, or 90 days past the invoice date. To ensure you always have sufficient cash flow, keep the number of days for credit payments short, preferably net 7, 10, or 30. 2/10 net 30 – this means that a client needs to pay 30 days after the invoice date. However, if they manage to pay within 10 days, then get a 2% discount on the invoice. These early payment discounts work as incentives to encourage clients to pay invoiced amounts early. Control payment methods with payment terms In addition to determining when clients pay, you also have to control how they pay. Always include your preferred payment methods in the invoice terms. Selecting how you want to get paid ensures clients process payments quickly and helps avoid confusion and payment delays. The best way to ensure prompt payments is to make the process as seamless and convenient as possible for clients. If you are used to receiving checks or cash payments, consider adding different payment methods that clients frequently use. The best two payment methods are: a) Smart invoices Invoicing software makes it convenient for clients to make payments using pay-enabled smart invoices. Smart invoices let customers use payment methods such as debit cards, credit cards, and automated clearing house (ACH) bank transfers. Smart invoices also allow you to set up recurring and automatic payments, which helps reduce any guesswork associated with invoicing. If you’d rather not have recurring payments, there is still the option of sending an email invoice with the payment link. These features come in handy for ongoing contracts, so choose an invoicing software that comes with free ACH payment features. b) Credit card payments Credit card payments are a popular and convenient way to make payments. Ask clients to provide you with a credit card number that you can charge. Remember that there are fees associated with using credit cards, and you will need to factor in those fees. You can choose to pay the fees or pass on the costs to customers. If you want the clients to pay the fees, indicate this in the contract. This stops clients from feeling duped or blind-sided. Why you need net terms management You cannot always have control over when clients make payments. Anything can happen on their end that will disrupt your business. Use a net terms management company to prevent that. Take Resolve, for instance–they take on the risk of late payments, enabling you to have a continuous cash flow for the business. For approved customers, Resolve lets them pay in 30, 60, or 90 days while you get paid up to 90% of the invoice face value after one day. They conduct credit checks on clients to determine who qualifies for net terms. Suppose you don’t know how to invoice customers effectively and make payment claims. In that case, Resolve offers an accounting software solution to run payment processing for business owners who can’t run their own net terms processing teams. With Resolve, you won’t ever have to worry about chasing after late payments. Instead, this company takes on that responsibility and collects the payments. Think of Resolve as having your own personal credit team. Common payment terms challenges small businesses encounter Having payment terms is critical to the success of your business. However, these are some of the challenges you may encounter along the way: Payment insecurity. Even though online payments are convenient for you and the client, not all payment platforms are trustworthy. You need to provide secure payment methods to protect their sensitive information. Managing and tracking payments and invoices. Depending on how large the business is, you may find it challenging to keep track of invoices and payments. Utilize a credit management solution company like Resolve to help with this. Unpaid invoices. Unfortunately, unpaid or late invoices are a common feature for small businesses. To prevent this, have detailed payment policies and effective payment methods. An invoice factoring company can take on the risk of potential non-payments while advancing you the cash instantly, even when the invoice is on a net terms basis. Final word – why you need payment terms on invoice Managing client invoices and payments can be a nightmare for small businesses and distract business owners from their primary business. That’s why you need to set out clear payment terms on every invoice, such as cash on delivery, cash next delivery, and net terms, so clients know exactly when they need to pay. Still, some payments will slip through the cracks; that’s why you need an independent firm like Resolve to run your payment processing. They will pay you up to 90% of the invoice’s face value within a day of delivering the invoice, offer your customers net terms up to 90 days, and chase after the payments themselves. Request a demo to see how they can assist you. This post is to be used for informational purposes only and does not constitute formal legal, business, or tax advice. Each person should consult his or her own attorney, business advisor, or tax advisor with respect to matters referenced in this post. Resolve assumes no liability for actions taken in reliance upon the information contained herein.