

# Are your terms of trade working for you?

## Top tips for your terms of trade



### Know who you are dealing with.

- Get the customer's name right – check on [www.companies.govt.nz](http://www.companies.govt.nz).
- Make sure the customer's name on your terms, your invoices and your PPSR registration all match.



### Set effective payment terms.

- Shortening your payment terms shortens the period for a customer to dispute an invoice if you make your invoices payment claims under the Construction Contracts Act.
- Consider 7 or 14 days terms.
- Consider deposits, and if you take deposits, back-load them against the final payment.
- Match your payment terms with your invoicing software.
- Include admin fees or interest if your customers don't pay on time, and the right to recover debt collection costs



### Set customer responsibilities.

- Consider what you rely on your customer for – ie, access, plans and specifications, surveying, owner-supplied materials, consents.



### Detail the variation process.

- Include a default pricing provision if variations aren't agreed.
- Include an entitlement to claim variations for emergency works, unforeseen circumstances, hazardous substances, etc, and the entitlement to delay costs, day rates, etc



### Protect your equipment and materials.

- Including a 'retention of title' on the invoice is not enough. Make sure your terms include a 'PPSA' clause or other clause giving security if you are not paid.



### Get your terms signed or 'assented to'.

- Getting formal contracts signed can be tricky.
- You can get your terms accepted by email – get advice on what constitutes email acceptance.