

WHAT IS A PROPER INVOICE?

Under the rules for Prompt Payment in Ontario, the clock starts ticking when the prime contractor delivers a “proper invoice” to the project owner. The owner is legally required to either pay a proper invoice **within 28 calendar days** or deliver a notice of non-payment for some or all of the amount within **14 days**.

To get the benefit of Prompt Payment, a contractor must ensure that its invoices meet the legal requirements of a proper invoice.

Three Steps to a Proper Invoice

Step 1:

Make sure your invoices meet the minimum criteria of a proper invoice set out in section 6.1 of the *Construction Act*.

Your invoice must include:

1. The contractor’s name and address
2. The date of the proper invoice and the period during which the services or materials were supplied
3. Information identifying the authority, whether in the contract or otherwise, under which the services or materials were supplied (typically a P.O. number or contract number)
4. A description, including quantity where appropriate, of the services or materials that were supplied
5. The amount payable for the services or materials that were supplied, and the payment terms (28 days)
6. The name, title, telephone number, and mailing address of the person to whom payment is to be sent.

Most invoices already meet these criteria, but there are a few nuances that are easy to overlook. For example:

- Do your invoices set out the period during which the services or materials you are billing were supplied?
- Do they identify the name and title of the person to whom payment is to be directed?



Step 2:

Check for any additional, contract-specific requirements for a proper invoice.

The *Construction Act* allows the parties to expand upon the minimum criteria of a proper invoice. Many contracts will likely require statutory declarations, updated WSIB clearance certificates, and invoices for materials supplied, but the list of potential requirements for a proper invoice is limited only by the imagination of whoever drafts the prime contract.

Make it part of your practice to review the prime contract for any additional invoicing requirements.

Did you know?

While contracts may add to the requirements for a proper invoice, they may not remove any of the mandatory items listed in Step 1.

Step 3:

Deliver your invoices in the manner directed by the contract and/or the owner.

If the contract does not specify how invoices are to be delivered, ask the owner for guidance and follow that guidance.

Did you know?

The concept of a proper invoice only applies between an owner and a prime contractor. The Act is silent on the form of invoices delivered by a subcontractor to a prime contractor. A subcontractor's invoices to the contractor need only comply with the terms of their subcontract.

Ready to Learn More?**See our related fact sheets:**

Prompt Payment & Adjudication 101
 Prompt Payment for Owners
 Prompt Payment for Contractors
 Prompt Payment for Subcontractors
 Prompt Payment for Holdbacks
 How does the Basic Holdback Work?
 Adjudication Basics

Other resources:

- Ontario Dispute Adjudication for Construction Contracts (odacc.ca)
- COCA Webinar on Prompt Payment and Adjudication (coca.on.ca/advocacy/prompt-payment)
- Ontario Construction Act (ontario.ca/laws/statute/90c30)



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Disclaimer: This fact sheet is intended to provide information to the industry at large and should not be considered legal advice. Contact a lawyer to find out how Prompt Payment and Adjudication may apply in your particular circumstances.