

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 invoice and the period, milestone or other contractual payment entitlement to which the invoice relates.
3. Information identifying the contract or other authorization under which the services or materials were supplied, such as a contract number, contract line item number or purchase order 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.
6. The name, title, mailing address and telephone number of the person to whom payment is to be sent or, if payment is to be sent to an office or department, its name, mailing address and telephone number.
7. Any other information that is necessary for the proper functioning of the owner’s accounts payable system that the owner reasonably requests.
8. Any other information that may be prescribed in the regulations.



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 for Owners
Prompt Payment for Contractors
Prompt Payment for Subcontractors
How does the Basic Holdback Work?
Adjudication Basics
Prompt Payment for Annual Release of Holdbacks

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.