

International shipping with Pro forma invoice guide



Invoice

Dear Ms Current Name,
I authorize myself to make following Invoice:

Num.	Qty	Units	Article Nr.	Goods/Service	Unit Price	Price
1	1	pcs		Food photography for summer menu. Menu design and printing on glossy cardboard DIN A5 double sided 50 pieces	273,11 €	273,11 €
1	33	pcs.		Single product photo on white background	2,52 €	83,16 €
1	1	pcs.		Photo Licenses for Certificates	16,80 €	20,00 €
Total						273,11 €
VAT 19%						51,89 €
Total Amount Payable						325,00 €

Street Name, 1
70000 City Name
Tel: 0030 2555555
E-Mail: emailname@server.com

Invoice-Nr.
201104001

Date
24-04-2020

Client name-In:
Your Name

What is a Pro forma Invoice?

A pro forma invoice is a document that states the offer or preliminary bill from the seller to provide specific products at a given price. Unlike a commercial invoice, this document is not legally binding.

This document serves as a preliminary document that lists the particulars and anticipated charges of a proposed transaction. It is often given by a vendor to a potential customer before the delivery of the products or services. A pro forma invoice's objective is to provide the buyer with an idea of how much money they may anticipate paying overall for the goods or services.

What are the key elements of a Pro forma Invoice?

As always, not all Pro forma invoices are the same, so there might be slight differences with each company.

However, a typical pro forma invoice includes these key elements:



Description of Goods:

A complete description of the goods or services being offered, including their quantities, details, and any additional terms or conditions.



Estimated Costs:

An estimate of the expenses for each good or service, considering unit pricing, taxes, shipping charges, and any applicable rebates or special offers.



Contact Information:

Contact details for the buyer and the vendor, such as names, addresses, phone numbers, and email addresses.



Validity Period:

Details of the pro forma invoice's validity term, showing the window of opportunity for the buyer to accept the offer.



Terms and Conditions:

Detailed terms and conditions related to the transaction, such as payment guidelines, delivery dates, and any applicable warranties or guarantees, may also be included in the invoice.

When to Use a Pro Forma Invoice?

Typically, a pro forma invoice is utilised when a buyer and seller are still in the planning or negotiating stages of a transaction.

It gives the buyer a rough idea of the costs, enabling them to decide whether the purchase can be afforded and adjust their budget accordingly.

When dealing with new or potential customers in international trade, pro forma invoices are frequently utilised since they give a comprehensive overview of the anticipated expenses before the final agreement is achieved.

It contains in-depth details on the products, their cost, and the deal between the buyer and the seller. This specific document will be used by customs authorities to determine the applicable taxes, levies, and charges on imported products.

What are the differences Between Pro Forma and Commercial Invoices?

While both documents are a form of invoice and share similar qualities, they have several distinctive features.

To summarise, here are the major differences between these two invoices.

Main purpose:

- ➔ Commercial invoices reflect the actual sale and demand payment for the goods or services, whereas pro forma invoices serve as estimates or bids and give potential customers a general idea of projected prices.

Legality:

- ➔ Commercial invoices are official papers that have legal weight and are used as proof of the transaction; on the other hand, pro forma invoices are not.

Timing:

- ➔ Commercial invoices are generated after the transaction is complete, whereas pro forma invoices are generated before the delivery of the products or services.

Payment:

- ➔ Pro forma invoices are estimates, therefore they don't need to be paid right away, but commercial invoices demand rapid payment by the agreed-upon terms.

Customs Clearance:

- ➔ When shipping products overseas, commercial invoices are required for customs clearance as they give precise information about the worth of the commodities for regulatory and tax purposes.