Fube

GUIDE

How to apply a guarantee withholding to a construction invoice



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> In building work, refurbishments and installations, it is common for the customer not to pay the whole invoice straight away: they hold back a percentage, usually 5%, as a guarantee that the work has been done properly, and pay it to you when the guarantee period ends. This is a **guarantee retention**.

The temptation is to enter it as a discount, and that is the mistake: a discount reduces the taxable base and the IVA, whereas the retention reduces nothing; it only defers when you get paid part of the amount. Fube treats it as what it is: the invoice is issued for its full amount, with its full IVA, and the retained amount remains as an outstanding payment with its own date.

This guide explains how to add it and how it is collected afterwards. If what you are looking for is to understand the retention itself (where it comes from, how much it usually is, how it is agreed), you will find that in guarantee retention on construction invoices.

Before you start

- **Check the contract.** You agree the percentage and the guarantee period with your customer; Fube does not decide them. Have both to hand. Fube always calculates the retention **on the taxable base**: if your contract sets it on the total including IVA, adjust the percentage so that the same amount results.
- **It belongs to the invoice.** The retention is set on each standard invoice, one by one. It is not configured on the customer record, there is no default value, and it does not exist on simplified invoices, quotes or pro forma invoices.
- **Decide before issuing.** Like everything else on the invoice, the retention is fixed when the invoice is issued.

Step 1 · Enter the percentage

Create the invoice as usual (if it is your first, follow the guide to create your first invoice) or open a draft. In the **Payment** section you will find the **Guarantee retention (%)** field, which initially says ‘No retention’.

Enter the agreed percentage, for example **5**. Fube calculates it on the invoice's **taxable base**, rounded to the nearest cent. It does not change the base, the IVA or the total.

Step 2 · Check the retention due date

When you enter a percentage, **Retention due date** appears: the day on which your customer has to pay you the retained amount.

If you leave it blank, Fube sets it to **one year after the invoice's transaction date**, which is the most common guarantee period. If your contract says otherwise (six months, two years, the date of final acceptance), enter that date.

This due date is independent of the invoice's **Due date**, which is still when you must be paid the rest.

Step 3 · Issue and check what your customer sees

Issue the invoice. In the PDF, the totals section looks like this, for a job of €10,000 at 21% IVA with a 5% retention:

Item	Amount
Taxable base	€10,000.00
IVA 21% on €10,000.00	€2,100.00
Invoice total	**€12,100.00**
Guarantee retention 5% on €10,000.00	−€500.00
Payable now	**€11,600.00**

Below it, a note states how much is retained, when it is due and that the retention does not reduce the taxable base or the IVA of the invoice. The due date box also shows **Payable now** with its date and, separately, the retention with its own. This way your customer knows what they have to pay and when, without doing any sums.

On the invoice record in Fube, the side panel shows the same: the **Total**, the **Guarantee retention**, what remains **Payable now** and when the **retention is due**.

Step 4 · Collect the invoice in two instalments

From here on, the invoice has two due dates and Fube tracks them separately:

1. **When the invoice's due date arrives**, what is expected is the amount **Payable now**. If your customer has paid nothing, the invoice becomes **Overdue**, like any other, and, if you have payment reminders switched on, they are asked to pay **only that part**, not the retained amount. Reminders are not included in every plan: see **pricing**.
2. **When they pay you that part**, click **Record payment** on the invoice and enter the amount. The invoice becomes **Partially paid** and stays that way: it does not become overdue or receive reminders until the retention due date arrives.
3. **If the retention due date arrives** and it has not been paid, the invoice becomes **Partially paid late** and, with reminders switched on, the retained amount is chased.
4. **When your customer releases the retention**, click **Record payment** again with that amount. The invoice becomes **Paid**, or **Paid late** if they pay it after its due date.

There is no need to issue a new invoice when you collect the retained amount: the invoice already included the full amount from the start. You can find how reminders and payment statuses work in the guide on **payment management**.

Verifactu and Facturae

- **Verifactu.** The record Fube sends to the AEAT includes the invoice's **full amount**. The retention is not a reduction of the invoice, so it does not change what is declared.
- **Facturae.** If you invoice a public authority, the XML includes the retention in the field the format provides for guarantee retentions and, as the amount payable, what is paid now. You can find how it is generated and submitted in **export the invoice in Facturae for FACe**.

Common mistakes

- **Entering it as a discount.** It reduces the base and the IVA of an invoice that has not been reduced, and on the day you are paid the retained amount you have nowhere to record it. Use the retention field.
- **Leaving the default due date without checking it.** One year is the norm, not a requirement. If the contract states another period, change it: it is the date from which, if you have payment reminders switched on, Fube will chase the retained amount.

- **Recording payment of the retained amount before it has arrived.** If your customer only pays you **Payable now**, enter that amount. Marking the invoice as **Paid** too early removes the alert for what you are still owed.

Frequently asked questions

Does the retained amount include IVA?

The invoice carries IVA on its full base, and Fube does not separate it: the retention only defers when you get paid part of it. When you have to declare that IVA depends on your scheme (for example, if you use the cash accounting scheme), so if in doubt, check with your adviser.

Can I set a default retention for a customer?

No. The retention is set on each invoice, because each job or progress certificate usually has its own contract and its own period.

What if I use job sheets on site?

They fit together: the job sheet the customer signs becomes a draft invoice, and in that draft you add the retention before issuing it. You can find this in the guide on **job sheets signed by the customer**. And if you want to see everything Fube does with what you are owed, take a look at **Fube's payment management**.

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