

1.2. Progress billing

Definition

Progress Billing is a payment method in contracting and construction where the client pays the contractor in stages, based on the actual progress of work, rather than making a single final payment.

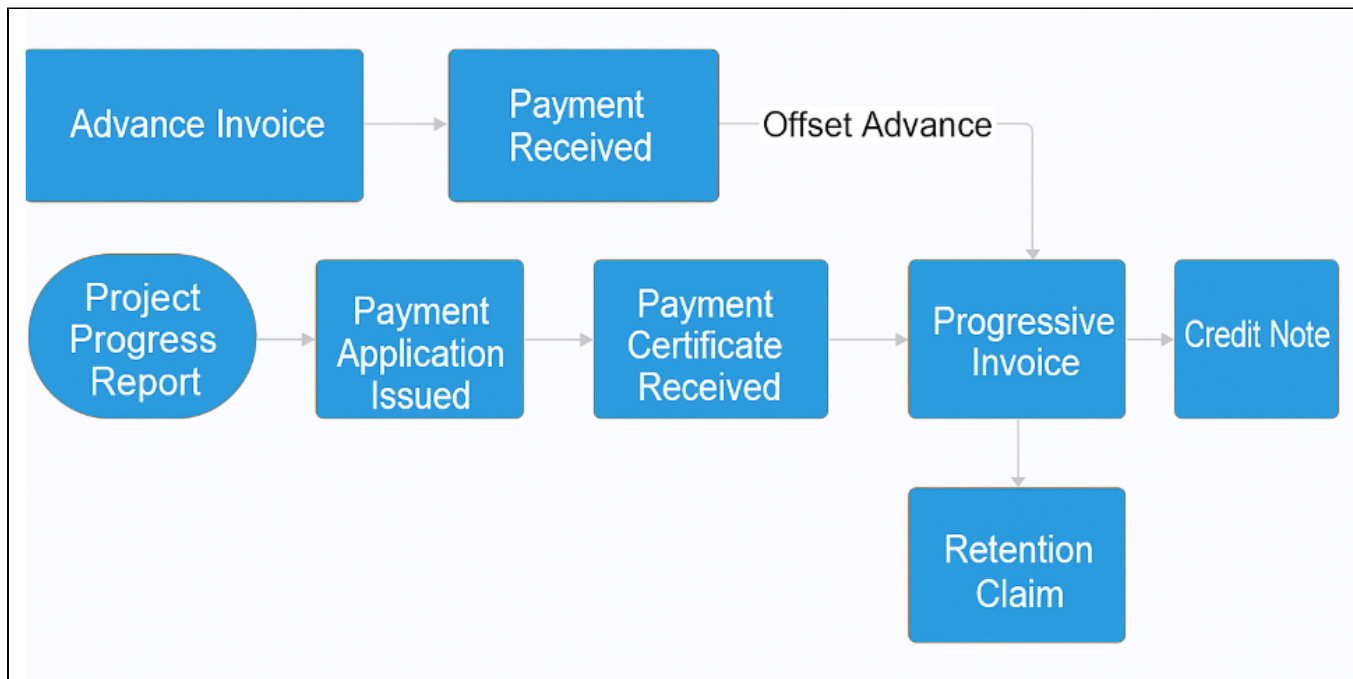
The process typically includes:

- Dividing the project into measurable phases or percentages of completion.
- Submit **Payment Applications** based on **Progress Reports** at regular intervals (e.g., monthly) to document completed work.
- Registration of **Payment Certificates Received** from client to record certified value of work done.
- Generating **Progressive Invoices**, adjusted for any **advances** received and **retentions** withheld.

This approach ensures that payments are directly tied to certified project progress, supporting contractor cash flow while protecting the client's financial interests.

In FirstBit

A progressive invoice is generated through a series of linked documents, reflecting the portion of work completed, after adjusting for advance payments and retention.



- **Advance Invoice** - Issued to request upfront payment before work begins.
- **Payment Received** - Records client payment and marks it for offsetting.
- **Project Progress Report** - captures the percentage of work completed on-site.
- **Payment Application Issued** - Drafts the billing claim based on reported progress.
- **Payment Certificate Received** - Approves and certifies the amount to be invoiced.
- **Progressive Invoice** - An invoice issued based on the certified amount, with any applicable advance deductions
- **Credit Note** - Used to adjust or correct previous invoices.



Retention

It is a percentage (e.g., 10%) of each invoice amount that is temporarily withheld to ensure project completion and defect resolution. In FirstBit, the retention is automatically applied on every invoice linked to a contract with retention enabled. The retained portion is posted separately to **Retention Receivables**. Once the retention period ends (e.g., after project completion or the defects liability period), the contractor can issue an **Invoice (Retention Claim)** to release and collect the withheld amount.

Details on how VAT is treated on retention are specified in the contract attributes.


← → ☆ # 090825 (AED) (Contract)


Main [Default GL Accounts](#)

Save and close Save   Edit GL Accounts

Main Parameters Terms **Project Terms**


Project:

Use Phased Revenue Recognition ? 

Use Exchange Rates Defined on the First Revenue Recognition Date ? 

The database contains one or more Phased Revenue Recognition documents for this contract. To change the option, you must unpost these documents

Apply Retention

Retention, %: 


Retention Period (Days):

Calculation VAT at Retention Invoice: Yes

Invoicing

Invoicing method: Regular Progressive Milestone

Taxation VAT Type: Amount Includes VAT:

Advance %: 

Days to certify (default): Days to pay (default):

Terms and Conditions:

At project completion and after the retention period ends (e.g., 12 months), the system automatically retrieves original retention and VAT details. A Tax Invoice is generated to finalize the retention release and ensure VAT compliance.

Advance Tracking

The system allows advances paid by the client to be tracked and offset automatically or manually against future progressive invoices. This ensures that only the **remaining balance** (net payable) is invoiced. The link between the advance invoice and the progressive invoice is maintained, and users can review how much of the advance has been used or is still available.