

## beam Payment Toolkit: FAQs

### **BillBack and HMRC Concession Guidelines**

**1. What is a Principal Payee?**

The person or company responsible for paying.

**2. What is a Disclosed Agent?**

An agent acting on behalf of a client, often referred to as a Third-Party Administrator, acting as a Disclosed Agent, the agent is NOT the Principal Payee.

**3. Who should be credit checked?**

The Principal Payee.

**4. How should invoices be addressed for billback via a Disclosed Agent?**

Hotel invoices should be addressed to the Principal Payee (Name and Company) c/o the Agency.

**5. Why do the invoices have to be addressed c/o the Agency?**

This allows the VAT to be reclaimed by the client (the Principal Payee), and not to be recovered by the agent.

**6. When providing a billback service, does the agent submit a VAT invoice to their clients?**

The agent produces a “payment request” stating the precise value of the VAT charged by the supplier, and should include a statement such as “the VAT shown is your input tax which can be reclaimed subject to the normal regulations”.

**7. What do we do if the agent does not pay on time?**

Communicate with the agent to identify any issues with the client’s payment. Any late payment charges must be applied to the client’s invoice, not charged to the agent.

**8. If a late payment charge is raised, who is this charged to?**

A late payment charge is the responsibility of the Principal Payee, and in the case of billback, is applicable to the original client’s invoice.

**9. Can an agent pay settle an invoice by Virtual Credit Card?**

Yes, we encourage the method of payment to be agreed at time of enquiry and to be mutually agreed by all parties.

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### Virtual Credit Cards (VC/VCC/VCN)

#### 1. What is a Virtual Credit Card?

Often referred to as a VC or VCC or VCN, a Virtual Credit Card generates a unique reference number assigned to a specific booking.

#### 2. How is it different to a Credit Card?

It prevents fraud through being valid solely for a specific booking and restricts expenditure to a predetermined amount.

#### 3. Can you take a pre-authorisation on a Virtual Credit Card?

No.

#### 4. What should I do if I have charged a pre-authorisation on a VC?

Simply charge the only the balance amount: the VC will be valid for the maximum amount and will have already processed the pre-authorised amount. If the card still fails call the agent; ***do not tell the guest there are insufficient funds, do not ask the client to pay, do not tell the guest the card is failing.***

#### 5. How can I recognise it's a Virtual Card and not a standard Credit Card?

From the expiry date, it will be for a shorter period of time compared to a Credit Card.

#### 6. Why might a Virtual Card fail?

The VC is programmed with parameters to maximise the prevention of fraud. If you exceed the set parameters, the VC will fail, in which case adjust the charges accordingly and the VC will be accepted. Consider and review the following for the VC:

- a. Number of transactions allowed
- b. Maximum charge including prebooked value and allowances
- c. X% tolerance level e.g., 5% of the maximum charge
- d. Pre-authorisation already charged
- e. Expiry date

#### 7. Why do VCs differ from agency to agency?

Different parameters can be programmed to meet different client needs, budgets and restrictions.

#### 8. Can a hotel deduct commission from a Virtual Card payment?

Yes, with prior approval or with justifiable cause.

**Virtual Credit Cards (VC/VCC/VCN) Cont.**

**9. What is a justifiable cause?**

A justifiable cause is when there is sufficient reason that can be justified or defended as the correct action to be taken: for example, where there is an overdue and undisputed commission payment owed to the same agency or where the prior booking or full prepayment relates to the same property.

**10. What should I do if I have checked all parameters and VC is still failing?**

Call the agent, they have the ability to view the activity on the VC and advise the venue accordingly.

**Do not tell the guest there are insufficient funds.**

**Do not ask the client to pay.**

**Do not tell the guest the card is failing.**

**11. Where do we send the VAT invoice for a Virtual Card charge?**

The venue is responsible for generating the VAT receipt and sending this to the originating booker email.

**12. Where does the guidance given in beam's payment toolkit come from?**

The information published in our toolkit is recognised UK industry, business and HMRC guidance. beam has created the payment toolkit to support members and allow you to easily share the information across your organisation. We endorse and drive best practice across our industry.

**13. Where can I find more information on all these areas?**

beam's code of practice and the payment toolkits are available on the beam website to download, save, print and share with your teams.

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## Deposits

### 1. What is the difference between a proforma and a VAT invoice?

A proforma or proforma invoice is not an actual invoice, they don't count as a VAT invoice and they are not included on a VAT return. An invoice identifies a sales transaction which is subject to VAT and enables the principal payee to reclaim VAT at the point of the sales transaction.

### 2. Why does a VAT invoice need to be generated for a deposit, and not a proforma?

Any sales transaction generates a tax point, the following link helps to explain the government legislation regulation regarding taxation on cancelled bookings/deposits, and that tax is due once a payment is received which supports the point that invoices should be sent for any payment, including deposits. [Revenue and Customs Brief 13 \(2018\): change to the VAT treatment of retained payments and deposits - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/revenue-and-customs-brief-13-2018-change-to-the-vat-treatment-of-retained-payments-and-deposits)

Any payments received from issuing a proforma would need to immediately be followed up with an invoice as a sales transaction has been made; therefore, utilising invoices for deposits saves resources.

### 3. Do I need to identify the Principal Payee to raise a deposit invoice?

Yes. The Principal Payee is the person/company who will be paying the deposit invoice.

### 4. Why do we need to establish the payment method of a deposit and agree a payment schedule?

To facilitate the timeframe for paying the deposit, prior to the arrival/event date, especially where the arrival date is sooner than the payment terms.

### 5. What happens if there is not enough time to pay a deposit?

Alternative payment options need to be agreed with all parties, the client, agent and supplier, either via billback or full prepayment.

### 6. Can I use a different payment method for the balance and any extras?

Yes, we encourage this to be agreed at time of enquiry and mutually agreed by all parties.

### 7. Can an agent deduct commission from a fully pre-paid event?

Yes, with prior agreement or with justifiable cause.

### 8. What is a justifiable cause?

A justifiable cause is when there is sufficient reason that can be justified or defended as the correct action to be taken; for example, where there is an overdue and undisputed commission payment owed to the same agency or where the prior booking or full prepayment relates to the same property.

**Deposits cont.**

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### Commission Deductions

**1. What does “deducting commission at source” mean?**

This is when an agent will deduct their commission from a payment to a supplier. The deduction can be for the same transaction or different transaction(s) but must be mutually agreed in advance or with justifiable cause.

**2. Why would an agent deduct commission?**

An agent might deduct their commission from a payment to a supplier if the supplier had an outstanding debt to that agent.

**3. Can an agent automatically deduct commission?**

No, mutual agreement is required or with a justifiable cause.

**4. What is a justifiable cause?**

A justifiable cause is when there is sufficient reason that can be justified or defended as the correct action to be taken; for example, where there is an overdue and undisputed commission payment owed to the same agency or where the prior booking or full-prepayment relates to the same property.

**5. Do I need to raise an invoice to deduct commission from a payment to a venue?**

Yes.

**6. Can an agent deduct commission from a deposit payment?**

Yes, with prior approval or with or justifiable cause.

**7. If I have agreed commission deduction with one property within a group, will this apply for all their properties?**

No, deduction needs to be agreed with each property.

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