

# International payments and contracts

## Getting paid

It is important to understand all of the costs of doing business outside Jersey in order to quote the right price for your product or service. By now you will have realised that there will be additional costs that you haven't incurred in your local business, or thought of before that you need to take into account when planning your export activity. In general, however, the more you know about your client or customer the better your chance of getting paid.

Some of the simple things you should think about are:

## Know how you will get paid

- What payment terms you are offering? Are you going to give them open credit or ask for cash upfront? How is that going to work?
- Determine the terms and conditions that are appropriate for your product or service and put them in writing.
- If you're selling to a market that could be considered risky, or dealing with an uncertain customer, you may want a formal payment mechanism such as a letter of credit (effectively a guarantee from your bank that you will receive payment) so you know you will receive your money.

## Consider what currency you're going to be trading in

- Are you going to be selling in Pounds sterling, dollars, euros, or the local currency?
- Talk to your bank or a currency provider about the options for protecting yourself against fluctuations.
- Think about currency conversions and allow for them in the product prices and costings.

## Protect your finance

- Consider purchasing and selling in the same currency, so if you are buying raw materials or parts in dollars can you also sell in dollars.
- Unless you are starting off with international trade in mind, make sure you have strong finances in your existing business before you start working overseas so you start from a solid base.
- Consider taking out insurance against non-payment or delayed payments as this can have serious implications for your cash flow.
- Consider how you are financing your off-island trading taking into consideration challenges such as lead times, seasonality and payment terms for example.
- If you can, see if it is possible to ring-fence your international finances to protect your existing business.

## Legal conditions are important

- The law in international markets can be very different from Jersey law, which often will not apply to your sales, so check the local law in that country to make sure you don't have unexpected costs or obligations.
- Check whether you need additional levels of cover or specific insurance policies to cover your products, services and employees in your new markets. Product liability and professional indemnity cover is particularly important.
- There will be a clause concerning a Court of Arbitration and which country this will be located in.

## Don't get caught out by the Bribery Act

The Bribery Act 2011 is a piece of UK legislation that means it's now an offence to commit or fail to prevent bribery when trading internationally. This applies to all UK companies, their distributors and representatives wherever they are in the world. So, if you are working abroad with a UK company make sure you don't get caught out by these obligations.



Download our [guide to exporting from Jersey](#)

# Relevant Links

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