Warranty Holdbacks

Fix Me! A1 proofreading not yet effective for this page. In the meantime, you can ask any questions on the forum.

The retention guarantee is an amount retained by the client (project owner) from the amount of the invoice presented by its service provider (project manager), in order to guarantee the proper execution of the work. In the event of a defect noted by the customer, the latter is entitled to retain the warranty retention if the contractor does not remedy it.

The law of July 16, 1971 specifies that the retention of guarantee:

- must have been initially provided for in the initial contract (for example, the quote)
- cannot under any circumstances exceed 5% of the amount of the work,
- cannot under any circumstances exceed a period of one year from receipt of the work.

The withholding tax must appear as such on the invoices, because the customer cannot recover the VAT linked to it.

Although this practice is common in the construction sector, it is not a right acquired by the project owner.

The retention of guarantee damages the project manager's cash flow, and in certain cases poses recovery difficulties. Also, in practice, it is also common for it to be replaced by an extra billing of 5%, the retention of guarantee then being abandoned to the project owner.

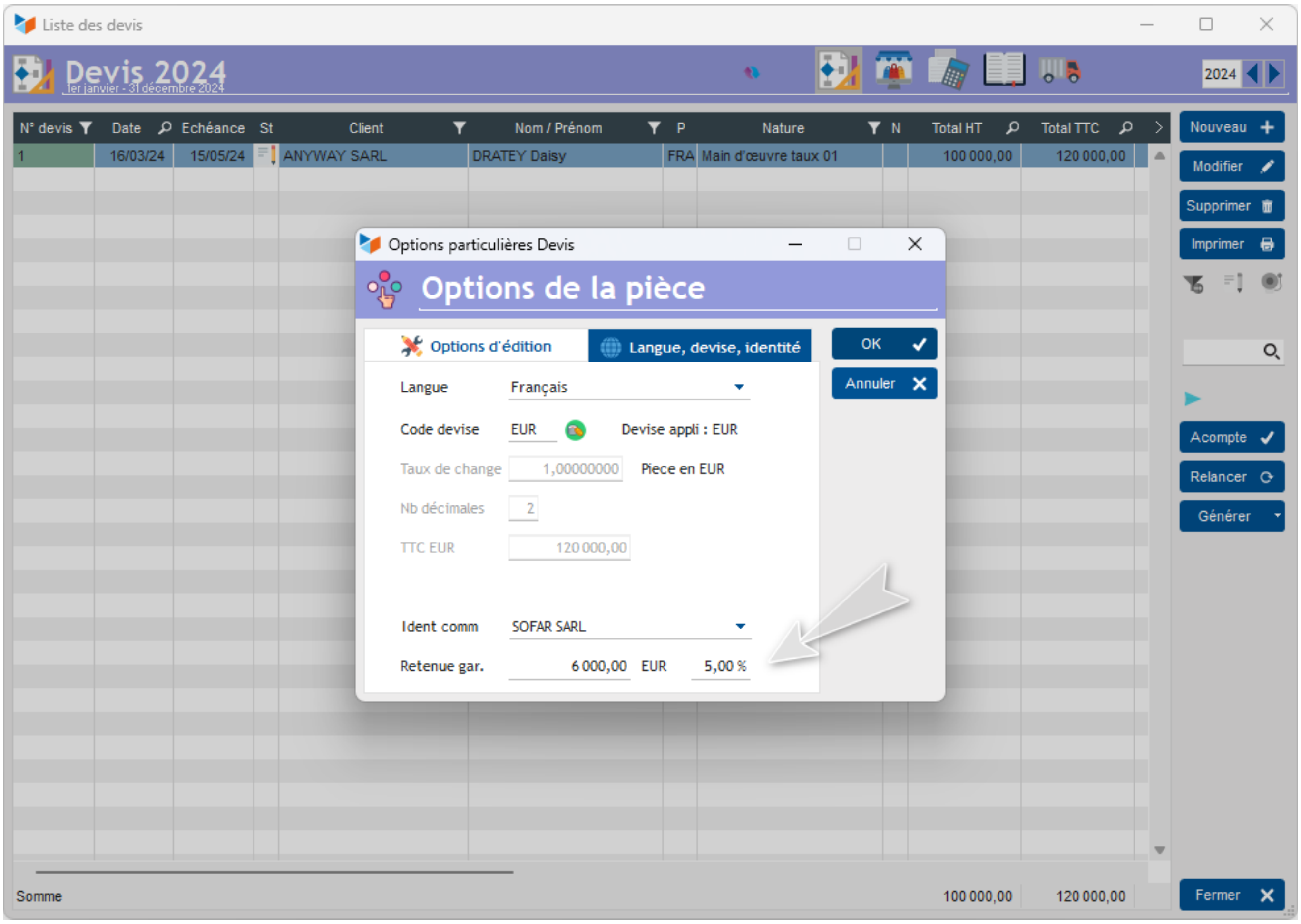
The retainer can be legally replaced by a deposit, the latter must then also be released within the same time frame as the retainer. Note that CAPEB has set up a partnership with CEGI to facilitate this process.

Learn more about Légifrance.

Manage warranty retention

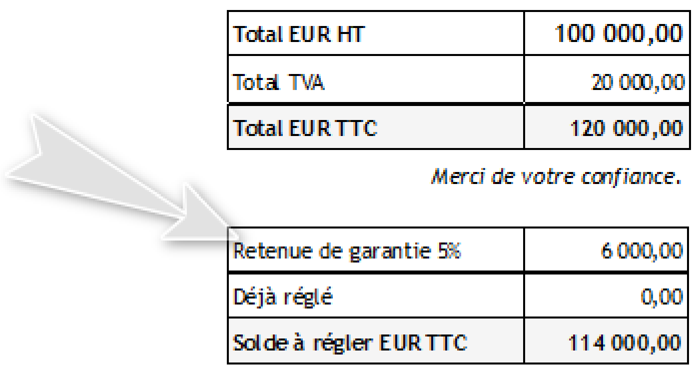
***Prerequisites: ** configure the consideration of warranty deductions in the general configuration.*

***Access**: //From the quote or order, context menu: //Specific options.*



You can indicate the retention either as an amount or as a percentage.

The retainage amount will be printed at the bottom of the quote or order.



Total EUR HT	100 000,00
Total TVA	20 000,00
Total EUR TTC	120 000,00

Merci de votre confiance.

Retenue de garantie 5%	6 000,00
Déjà réglé	0,00
Solde à régler EUR TTC	114 000,00

When you generate an invoice from the quote or order, the holdback will be reflected on the invoice.

The holdback will be printed on the invoice, if it is a single invoice for a site. On the other hand, if the project has been the subject of several progress invoices, the retention of guarantee will only be specified on the invoice corresponding to the completion of the work.

Alternative method

From a normal invoice, via the context menu of the list of invoice lines, select the option **Add a**

percentage line.

Select a product that you have previously entered as the guarantee retention, itself with zero VAT, then the lines of the invoice, indicate a percentage, 5% for example, and choose to apply it to the tax included.

Upon validation, the RG is inserted in the lines of the invoice: it is then sufficient to pass its amount as negative.

This method involves you issuing a second invoice for the amount of the retainage.

Accounting treatment

At Gestan, we try to remain pragmatic for the user, and not to create a gas factory. Therefore, it does not seem appropriate to use a 4117 account to manage security withholdings. It is in fact more judicious to have an update on each client, and not an overall total, because what the business manager asks is to know where he stands on each site.

Also, for the invoice list screen, you can define an “unpaid threshold” (via the context menu of the invoice list, *Screen options* → *Unpaid threshold*). If you set it at 5%, the red Gestan indicator signaling an invoice whose payment is late 1 is replaced by the same green indicator 2: the delay is “normal”.

Other Billing articles

Billing: common elements

Billing: common elements
Deposits-Deposit
Document genealogy
Intermediation (practical case)
Optimize supplier orders
Part numbering
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