



Business setup, contracts, and payment

Protecting Yourself as a Cannabis Industry Professional

About the Authors

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She was a Director of one of the first UK-licensed controlled-environment cultivation and manufacturing facility, and a Trustee of the MedCan Family Foundation.

Callie founded Sunnyside Consultants and leads Aqua Laboratories, the company behind Shogun fertilizers. Her career spans pharmaceutical botanicals, applied plant chemistry, and sector-leading entrepreneurial innovation.



➤ Nick Pateras

Nick Pateras is founder of Roberge Management Consulting, a global consulting team serving cannabis company boards and management teams on strategy and operations.

Previously, Nick was CEO of Lyphe Group, one of the UK's leading medical cannabis companies. He also held executive roles at European cannabis producer Materia and Canadian cannabis tech firm Lift & Co.

Nick draws on deep experience from his time in the pharmaceuticals sector, including several years of P&L ownership for Johnson & Johnson's largest healthcare brands, before joining the cannabis industry almost 10 years ago.



Introduction

Numerous Cannabis Industry Council (CIC) members have recently shared their experiences about business challenges, including non-payment or delayed payment for work completed across various parts of the cannabis sector. These issues are not only detrimental to individual livelihoods but also undermine the credibility and sustainability of our industry.

As the CIC, it is our duty to ensure our members are equipped with the knowledge and resources necessary to operate securely and confidently. This guide outlines practical, legal, and strategic advice for professionals across the supply chain—from consultants and freelancers to product developers and service providers.

We will cover:

- Setting up a professional business
- Understanding legal rights and protections
- Contract drafting and negotiation
- Dealing with late or non-payment
- Developing a CIC-supported professional code of conduct

Business Setup Essentials

Before engaging in any professional or commercial agreement, it's vital that your business is structured properly. Establishing the right business foundation enhances your credibility, offers legal protections, and ensures you can enforce contracts and pursue payments effectively.

Whether you are a sole trader, limited company, or partnership, your setup will affect how you're taxed, your legal responsibilities, and how clients engage with you. It's also important to ensure you have the correct insurance, banking, licences and record-keeping systems in place to support your operations.

Incorporating Your Company:

- **Choose your company structure**

the most common is a private company limited by shares (Ltd)

- **Choose a company name**

This must be unique, cannot be offensive or misleading, and certain words (e.g. 'Royal') require permission

- **Prepare key documents**

E.g. memorandum of understanding (lists initial shareholders and their agreement to form the company), and articles of association (the rules about running the company)

- **Appoint company officers**

Must include at least one director

- **Decide on share structure**

At least one share must be issued.

- **Register an official address**

Must be a physical address in the UK, and it will appear on the public register.

- **Register with Companies House**

- **Register for Corporation Tax (via HMRC)**

Within three months of starting business activities

- **Once complete, you will receive**

certificate of incorporation, company number, access to file company documents online

Professional Services to Engage:

- Accountant (for tax structure, registration, and VAT advice)

- Business solicitor (for legal structure and liabilities)

- Insurance broker (for tailored coverage)

- Registered Address (or equivalent service) - if you don't have a business premises and would prefer to use a professional address, rather than your home address.

Key Considerations:

- Consider registering for VAT. This is mandatory if annual turnover exceeds the threshold (£90,000 as of April 2024)

- Open a dedicated business bank account. This is strongly recommended

- Keep records of all invoices, receipts, contracts, and communications



Setting Yourself Up for Success as a Consultant or Freelancer

Being a consultant or freelancer comes with autonomy—but also risk.

Setting yourself up professionally improves your ability to negotiate, command fair rates, and ensure that clients see you as a serious and legitimate business partner.

This includes having the right documentation, software, legal protections, and client engagement strategies.

Key Documents You Should Use:

- **Statement of Work (SoW):**
Details specific outputs, delivery timelines
- **Engagement Letter:**
For retainers or ad-hoc advisory services
- **Consultancy Agreement:**
Covers all legal aspects of your working relationship
- **Terms & Conditions:**
Customised for your services, referenced on quotes/invoices

Other Tools:

- **Project management platforms**
(Trello, Asana, Notion)
- **Time tracking software**
(Toggl, Clockify)
- **Invoicing & accounting**
(Xero, FreeAgent, QuickBooks)



Contracts & Agreements

Trust your gut. Don't be blinded by the opportunity to win a deal. Sometimes it's a lot better so say "no". It sounds simple, but this is the most important of all of the points. Trusting your gut is incredibly important.

Clear, professionally written contracts are critical. They protect both parties by setting out agreed terms in advance, including on payment, and they act as your primary legal protection in case of disputes or non-payment. Many issues arise when professionals operate on informal or verbal agreements.

Every working arrangement—whether a one-off consultancy project or long-term collaboration—should have a written, signed, and dated contract by both parties (not a handshake!). This not only shows professionalism, but also allows you to enforce payment terms, intellectual property rights, and delivery obligations.

Services to Consider:

- Contract review by a solicitor
- Contract drafting templates tailored to your sector
- Legal consultancy for clause development (e.g. IP, dispute resolution)
- Credit check agency (particularly for large contracts), to ensure the client you engage has a good credit rating. Reputable agents, such as Dun & Bradstreet, will even advise on a recommended credit amount (how much credit they can be trusted with).

Core Components of a Strong Contract

A well-structured contract should include:

- Scope of Work (clearly detailing what is and isn't included)
- Deliverables and timelines
- Payment terms, including deposit requirements and payment milestones
- Intellectual property ownership and usage rights
- Termination clauses (including notice period and acceptable grounds)
- Dispute resolution pathways (e.g. mediation before legal action)

While free templates are a good starting point, it's important to tailor them to your specific services and client expectations. Consider platforms such as:

- ACAS Templates
- Rocket Lawyer UK
- LawDepot UK

Consider Invoice Factoring

There are a lot of companies that will pay you as soon as the contract is signed and take a percentage of the deal value in exchange for immediate payment and the collection of the debt. This can be a good option, but make sure you let your client know that you are doing this as it's better coming from you than from the collection agency. Be aware that due to many clients in the industry having a high risk profile, the collection agency will take a considerable chunk of the deal value (10%+).

Understanding Your Legal Rights

If a client doesn't pay you on time, you have legal rights under UK commercial law to recover that money. The Late Payment of Commercial Debts (Interest) Act 1998 provides the basis for statutory interest and compensation that can be added to outstanding invoices.

International companies may be a little trickier.

Understanding your rights helps you negotiate confidently and take swift action when needed. Legal recourse should always be considered a last resort, but knowing it's there empowers you to stand your ground.

Professional Services to Engage:

- Commercial solicitor
- Debt recovery specialists (if escalation is needed)
- Mediation/arbitration bodies for dispute resolution

Your Rights Include:

- **Statutory interest:**
8% above the Bank of England base rate
- **Fixed late payment compensation:**
£40, £70 or £100 based on invoice size
- **Right to recover reasonable costs**
associated with debt collection (if stated in the contract)

Refer to:

- Make a Money Claim Online (MCOL)
- Small Business Commissioner for complaints support



Late and Non-Payment: A Step-by-Step Action Plan

Even with the best setup and documentation, disputes can arise. If payment doesn't arrive on time, you need to follow a structured, professional process to recover the funds.

If clients go quiet, you have good reason to be worried. If they are open and transparent and you have the capacity/runway to do so, you can always agree on payment plans, but this should be reserved for special situations. However, don't allow them to continue to kick the can down the road, especially if you are continuing to deliver work on an ongoing basis while past debts have not been paid.

Being clear, calm, and consistent in your approach can often resolve the situation without the need for legal escalation. Always keep records of all communication and agreements. Make sure you try and get a definitive date on when the invoice will be cleared, so you know when to reach back out to seek what you are owed. Don't be afraid to pick up the phone and ask them directly.

Recommended Procedure:

Lead-Up to Due Date

- Send a polite note in the lead up to the due date.
- Attach the invoice and highlight agreed payment terms, including potential interest on late payments.

Follow-Up

- Send a polite but firm reminder within 7 days of the due date.
- Seek a definitive date on when the invoice will be cleared.

Second Reminder and Final Notice

- Send after 14 days with reference to late fees or statutory interest.

Letter Before Action (LBA)

- A formal legal notice giving the client 14 days to pay before you begin court proceedings.

Escalation

- Use Money Claim Online (MCOL) or instruct a solicitor
- Consider small claims court for amounts under £10,000

Mediation or Arbitration

Consider alternatives to litigation such as:

- CEDR Mediation
- IPSE Mediation Services

If your invoices are considerably overdue, you could also consider using a debt collector, however this will only work some of the time and you may end losing even more money. If they are a UK entity, as a last resort, you could utilise a statutory demand, but don't expect to be friends on the other side of it. If they are not a UK entity, search for the equivalent in their region; some countries are more supportive than others on this.

CIC will also provide standard templates for:

- Payment reminder email
- Final notice email
- Letter Before Action

International Clients & Cross-Border Payments

Working with clients based outside of the UK can open doors to exciting new markets—but also adds complexity when it comes to contracts, currency, tax obligations, and payment security.

International work carries additional risks: delayed payments due to banking issues, unclear contract jurisdictions, or local laws that may differ from UK norms. You must be clear from the start on payment expectations and be confident in your ability to enforce your agreements abroad.

Key Considerations:

- **Jurisdiction and Enforcement:** Always state in the contract which country's laws apply and how disputes will be resolved. England & Wales law is not enforceable abroad without additional mechanisms.
- **Payment Terms:** Always invoice in your preferred currency. Specify whether fees include or exclude currency conversion or transfer fees.
- **Banking Requirements:** Use international-friendly systems such as Wise, Revolut Business, or Payoneer. Request payment via secure, trackable methods like SWIFT or IBAN transfer.
- **VAT & Tax:** Consult an accountant regarding whether VAT applies to international clients and how to report overseas earnings.
- **Upfront Payments:** For international projects, it is standard to request 50% upfront and the remainder on delivery. Consider using escrow services for large contracts.

Professional Services to Engage:

- International trade solicitor
- Accountant experienced in cross-border transactions
- Foreign exchange or payment services firm

Useful Tools:

- Wise Business
- Payoneer
- Revolut Business

Do not begin work without a signed contract that includes:

- Client's full legal entity and country of registration
- Agreed payment method and currency
- Clear terms for tax and transfer fees
- Jurisdiction and dispute resolution clause

CIC is developing an international contract template to help members confidently work across borders.



CIC Code of Practice & Support

As part of our efforts to support a fair and trustworthy industry, CIC has a member Code of Conduct and support system for members. Our goal is to promote ethical practice while protecting professionals from exploitation or malpractice.

We are developing CIC-standard contract templates tailored to the cannabis sector. Plus educational workshops on:

- Contract negotiation
- Pricing models
- IP and licensing law
- Red flag detection in client agreements

We encourage all members to adopt and promote these standards to help raise industry professionalism and accountability.



Reporting & Feedback

Your experiences matter. If you've experienced non-payment, unethical treatment, or repeated contract breaches, please report them to the CIC. Your identity will remain confidential.

This feedback helps us:

- Refine our legal templates and guidance
- Advocate for better commercial practice across the sector

Please contact: enquiries@cicouncil.org.uk

Together, we can ensure cannabis professionals are respected, protected, and empowered.

Disclaimer: This guide is for informational purposes only and does not constitute legal or regulatory advice. Members are encouraged to consult a qualified solicitor for individual cases.

About the CIC

The Cannabis Industry Council (CIC) is a leading membership organisation representing the entire UK cannabis industry. Membership is open to organisations and business which either work within or operate from the United Kingdom, the Channel Islands, and the Isle of Man.

Together, our mission is to lead the industry to success and enable it to speak with one voice – for, and by, the sector.

[Learn more](#)



A collective voice for the medical cannabis, CBD, and hemp sector across the UK.

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