STATUTORY INSTRUMENTS

2015 No. 1336

CONTRACTS, ENGLAND AND WALES

CONTRACTS, NORTHERN IRELAND

The Late Payment of Commercial Debts (Amendment) Regulations 2015

Made - - - -	27th May 2015
Laid before Parliament	29th May 2015
Coming into force - -	21st June 2015

The Secretary of State, being a Minister designated(**a**) for the purposes of section 2(2) of the European Communities Act 1972(**b**) in relation to matters relating to the combating of late payment in commercial transitions, makes the following Regulations in exercise of the powers conferred by section 2(2) of that Act.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Late Payment of Commercial Debts (Amendment) Regulations 2015 and come into force on 21st June 2015.

(2) These Regulations extend to England and Wales and Northern Ireland.(**c**)

(3) These Regulations do not affect contracts made before 21st June 2015.

Amendment of the Late Payment of Commercial Debts (Interest) Act 1998

2.—(1) Section 4 of The Late Payment of Commercial Debts (Interest) Act 1998 (period for which statutory interest runs) is amended as follows.

(2) After subsection (2) insert—

"(2A) The relevant day for a debt is—

(a) where there is an agreed payment day, that day, unless a different day is given by subsection (2D), (2E) or (2G);

(b) where there is not an agreed payment day, the last day of the relevant 30-day period.

(2B) An "agreed payment day" is a date agreed between the supplier and the purchaser for payment of the debt (that is, the day on which the debt is to be created by the contract).

(**a**) S.I. 2002/248.
(**b**) 1972 c.68.
(**c**) The functions of the Secretary of State under the Late Payment of Commercial Debts (Interest) Act 1998 are, so far as exercisable in or as regards Scotland, devolved to the Scottish Minsters by virtue of section 53 of the Scotland Act 1998.

(2C) A date agreed for payment of a debt may be a fixed date or may depend on the happening of an event or the failure of an event to happen.

(2D) Where—

(a) the purchaser is a public authority, and

(b) the last day of the relevant 30-day period falls earlier than the agreed payment day,

the relevant day is the last day of the relevant 30-day period, unless subsection (2G) applies.

(2E) Where—

(a) the purchaser is not a public authority, and

(b) the last day of the relevant 60-day period falls earlier than the agreed payment day,

the relevant day is the last day of the relevant 60-day period, unless subsection (2G) applies.

(2F) But subsection (2E) does not apply (and so the relevant day is the agreed payment day, unless subsection (2G) applies) if the agreed payment day is not grossly unfair to the supplier (see subsection (7A)).

(2G) Where the debt relates to an obligation to make an advance payment, the relevant day is the day on which the debt is treated by section 11 as having been created (instead of the agreed payment day or the day given by subsection (2D) or (2E)).

(2H) "The relevant 30-day period" is the period of 30 days beginning with the later or latest of—

(a) the day on which the obligation of the supplier to which the debt relates is performed;

(b) the day on which the purchaser has notice of the amount of the debt or (where that amount is unascertained) the sum which the supplier claims is the amount of the debt;

(c) where subsection (5A) applies, the day determined under subsection (5B).

(2I) "The relevant 60-day period" is the period of 60 days beginning with the later or latest of—

(a) the day on which the obligation of the supplier to which the debt relates is performed;

(b) the day on which the purchaser has notice of the amount of the debt or (where that amount is unascertained) the sum which the supplier claims is the amount of the debt;

(c) where subsection (5A) applies, the day determined under subsection (5B)."

(3) Omit subsections (3) to (5).

(4) In subsection (5B), for "subsection (5)(c)" substitute "subsections (2H)(c) and (2I)(c)".

(5) In subsection (6), for "subsection (5)(a) has effect as if it" substitute "subsections (2H)(a) and (2I)(a) have effect as if they".

(6) In subsection (7A)—

(a) for "(3C)" substitute "(2F)";

(b) for "(3B)" substitute "(2E)".

Anna Soubry
Minister of State for Small Business, Industry and Enterprise
Department for Business, Innovation and Skills

27th May 2015

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations implement requirements of Directive 2011/7/EU of the European Parliament and of the Council of 16th February 2011 on combating late payment in commercial transactions.

These regulations amend Section 4 of the Late Payment of Commercial Debts (Interest) Act 1998 (c.20). The amendment clarifies the statutory limits set for payment periods for commercial debts at a maximum of 60 days in most cases and 30 days for those debts incurred by public authorities.

No impact assessment has been produced as no cost to the business or voluntary sectors is foreseen.

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