Payment periods in commercial transactions. Commission recommendation

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OBJECTIVES: - to combat late payments in commercial transactions by making provision for a sufficiently dissuasive legal framework for bad payers, thereby ensuring contractual payment deadlines are adhered to; - to ensure that reasonable payment periods are adhered to in transactions where contractual relations between the partners are one-sided (especially in public procurement). CONTENT: the proposal for a Council recommendation sets out the principles and methods for improving payment periods by calling on the Member States to take suitable measures in keeping with their own legal framework. In particular, the Member States are called on to take measures to: - strengthen transparency in contractual relations, improve company training and information and mitigate the fiscal repercussions of late payments (e.g. clear indication, for each contract, of the period applicable and of the date on which payment is due; indication of discounts and reductions; indication of the period of time for the consignee to notify objections to the quality or quantity received; advice and legal assistance in drawing up contracts; development of treasury management tools; recourse to factoring; possibility for SMEs to defer payment of VAT until payment has been collected and to file VAT returns at longer intervals); - guarantee adequate compensation in the event of late payment (grant creditors the right to charge arrears interest; set a sufficiently dissuasive rate of arrears interest, to be applied in the absence of a specific clause in the contract); - guarantee suitable, fast, cheap recourse procedures (extrajudicial procedures for resolving litigation; simplified procedures for litigation involving limited sums; fast recovery procedures); - abolish difficulties specific to cross-border trade (information and training for companies on managing cross-border payment periods); - improve payments under public procurement contracts (adhere to a period of 60 days without challenging shorter periods in force; measures to increase the awareness of the authorities concerned; precise administrative procedures; regular controls on payment periods; payment of sub-contractors).