Commerce: late payment in commercial transactions

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Late payments in commercial transactions are a key factor hampering the development of SMEs in Europe; it is estimated that one in four bankruptcies is caused by cash-flow problems resulting from late payments of bills. As Member States have been slow in tackling this problem, Mr Lyndon HARRISON (PES, UK), reporting on behalf of welcomed the Commission's proposal for a directive introducing a maximum payment period of 21 days from the date of the invoice in the private sector, unless otherwise agreed. The proposal also gives a clear right to the creditor to recoup his costs for collecting bad debts as well as a statutory interest rate. The committee has tabled a large number of amendments to the report, seeking to clarify the Commission's text on a number of points. For private sector transactions, the committee considers that the payment period of 21 days should run from the date of the receipt of the invoice - in principle within five days of dispatch - and not from the date of the invoice itself. For transactions with public bodies, the committee has tabled amendments seeking to reduce the proposed 60-day payment period to 45 days for contracts up to ECU 100 000. To remove obstacles to the cross-border collection of debt, the committee adopted amendments introducing common rules for the licensing of debt collection agencies, thus enabling them to carry out their business in all Member States if they fulfil a number of criteria. Other amendments seek to set out more clearly what compensation can be claimed, as well as that which cannot be claimed. The report also recognises the financial burdens caused by the excessively long contractual payment periods frequently used in certain sectors of the economy. To that end, the committee adopted an amendment calling on the Commission to report on long payment periods and their consequences for the Single Market and SMEs and to propose any suitable measures.