Commerce: late payment in commercial transactions

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Adopting the report by Mr Lyndon HARRISON (PSE, UK), the European Parliament 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 the creditor the right to recoup his costs for collecting bad debts as well as a statutory interest rate. The European Parliament?s amendments seek to clarify the Commission?s text on a number of points. For private sector transactions, it considers that the payment period of 21 days should run from the date of receipt of the invoice - in principle within five days of dispatch - and not from the date of the invoice itself. If the due date stipulated in the contract is greater than 60 calendar days, the buyer should supply the seller, at the buyer?s cost, with a bill of exchange specifying explicitly the date for payment and guaranteed by an accepted credit institution. To remove obstacles to the cross-border collection of debt, Parliament 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 (e.g. high standards of honourable and ethical behaviour, undertaking not to harass debtors, managing directors with at least three years? professional experience, financial guarantees to protect the clients and the debtors, keeping the money recovered in an account separate from the agency?s own funds, clear and regular reporting to clients, supervision by a private or public organisation). Other amendments seek to set out more clearly what compensation can be claimed by the creditor (e.g. the cost of bank loans or overdraft, administrative costs of recovery, the costs of recovery through court proceedings), as well as that which cannot be claimed (e. g. consequential damages arising from delays in payments). 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, Parliament has adopted an amendment calling on the European Commission to report on long payment periods and their consequences for the single market and SMEs and to propose any suitable measures by 31 December 2002.