

2002 No. 1674

**CONTRACTS, ENGLAND AND WALES
CONTRACTS, NORTHERN IRELAND**

**The Late Payment of Commercial Debts Regulations
2002**

Made

22nd June 2002

Laid before Parliament

28th June 2002

Coming into force

7th August 2002

The Secretary of State, being a Minister designated^[1] for the purposes of section 2(2) of the European Communities Act 1972^[2] in relation to measures relating to the combating of late payment in commercial transactions, in exercise of the powers conferred on her by that section hereby makes the following Regulations:

Citation, commencement and extent

1. - (1) These Regulations may be cited as the Late Payment of Commercial Debts Regulations 2002 and shall come into force on 7th August 2002. (2) These Regulations extend to England and Wales and Northern Ireland^[3].

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

2. - (1) The Late Payment of Commercial Debts (Interest) Act 1998^[4] shall be amended as follows. (2) Section 2(5)(c) and (6) (the Secretary of State's power to specify by order categories of contracts as excepted contracts) are repealed. (3) Section 3(4) and (5) (debts not to carry statutory interest if specified in an order made by the Secretary of State) are repealed. (4) After section 5, there shall be inserted the following section –

Compensation arising out of late payment

5A. - (1) Once statutory interest begins to run in relation to a qualifying debt, the supplier shall be entitled to a fixed sum (in addition to the statutory interest on the debt).

(2) That sum shall be -

(a) for a debt less than £1,000, the sum of £40;

(b) for a debt of £1,000 or more, but less than £10,000, the sum of £70;

(c) for a debt of £10,000 or more, the sum of £100.

(3) The obligation to pay an additional fixed sum under this section in respect of a qualifying debt shall be treated as part of the term implied by section 1(1) in the contract creating the debt."