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A7-0136/48

**Amendment 48**

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**Report**

**A7-0136/2010**

**Barbara Weiler**

Combating late payment in commercial transactions (recast)

COM(2009)0126 – C7-0044/2009 – 2009/0054(COD)

**Proposal for a directive**

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AMENDMENTS BY PARLIAMENT\*

to the Commission proposal for a

DIRECTIVE 2010/... OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on combating late payment in commercial transactions (Recast)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,

Acting in accordance with the ordinary legislative procedure<sup>1</sup>,

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\* Amendments: new or replacement text is marked in bold italics and deletions are indicated by the symbol ■.

<sup>1</sup> OJ C 255, 22.9.2010, p. 42..

Whereas:

- (1) A number of substantive changes are to be made to Directive 2000/35/EC of the European Parliament and of the Council of 29 June 2000 on combating late payment in commercial transactions<sup>2</sup>. In the interest of clarity, that Directive should be recast.
- (2) Most goods and services are supplied within the internal market by economic operators to other economic operators and to public authorities on a deferred payment basis whereby the supplier gives its client time to pay the invoice, as agreed between parties, or set out in the supplier's invoice or laid down by law.
- (3) Many payments in commercial transactions between economic operators or between economic operators and public authorities are made later than agreed in the contract or laid down in the general commercial conditions. Although the goods are delivered or the services performed, many corresponding invoices are paid well after the deadline. Such late payment negatively affects liquid assets and complicates the financial management of enterprises. It also affects their competitiveness and profitability when the creditor needs to obtain external financing because of late payment. This risk strongly increases in periods of economic downturn when access to financing is more difficult.
- (4) Judicial claims related to late payments are already facilitated by Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters<sup>3</sup>, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims<sup>4</sup>, Regulation (EC) No 1896/2006 of the European Parliament and of the Council of 12 December 2006 creating a European order for payment procedure<sup>5</sup> and Regulation (EC) No 861/2007 of the European Parliament and of the Council of 11 July 2007 establishing a European Small Claims Procedure<sup>6</sup>. However, in order to discourage late payment in commercial transactions, it is necessary to lay down complementary provisions.
- (5) Entrepreneurs should be able to trade throughout the internal market under conditions which ensure that transborder operations do not entail greater risks than domestic sales. Distortions of competition would ensue if substantially different rules applied to domestic and transborder operations.
- (6) In its Communication of 25 June 2008 entitled "'Think Small First' – A 'Small Business Act' for Europe", the Commission emphasised that small and medium-sized enterprises' (SMEs') access to finance should be facilitated and that a legal and business

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<sup>1</sup> Position of the European Parliament of xx 2010.

<sup>2</sup> OJ L 200, 8.8.2000, p. 35.

<sup>3</sup> OJ L 12, 16.1.2001, p. 1.

<sup>4</sup> OJ L 143, 30.4.2004, p. 15.

<sup>5</sup> OJ L 399, 30.12.2006, p.1.

<sup>6</sup> OJ L 199, 31.7.2007, p.1.

environment supportive to timely payments in commercial transactions should be developed. ***It should be noted that public authorities have a special responsibility in this regard. The criteria for the definition of SMEs are set out in Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises***<sup>1</sup>.

- (7) One of the priority actions of the Commission Communication of 26 November 2008 entitled "European Economic Recovery Plan" is the reduction of administrative burdens and the promotion of entrepreneurship by, inter alia, ensuring that, ***as a matter of principle***, invoices, including to SMEs, for supplies and services ***are paid*** within one month to ease liquidity constraints.
- (8) The objective of combating late payments in the internal market cannot be sufficiently achieved by the Member States acting individually and can, therefore, be better achieved by the ***Union***. This Directive does not go beyond what is necessary to achieve that objective. This Directive complies therefore, in its entirety, with the requirements of the principles of subsidiarity and proportionality as laid down in Article 5 of the Treaty ***on European Union***.
- (9) This Directive should be limited to payments made as remuneration for commercial transactions and should not regulate transactions with consumers, interest in connection with other payments, e.g. payments under the laws on cheques and bills of exchange, payments made as compensation for damages including payments from insurance companies. ***Also, Member States should be able to exclude debts that are subject to insolvency proceedings, including proceedings aimed at debt restructuring.***
- (10) This Directive should regulate all commercial transactions irrespective of whether they are carried out between private or public undertakings or between undertakings and public authorities, having regard to the fact that the latter handle a considerable volume of payments to business. It should therefore also regulate all commercial transactions between main contractors and their suppliers and subcontractors.
- (11) The fact that the liberal professions are covered by this Directive does not mean that Member States have to treat them as undertakings or merchants for purposes ***outside*** this Directive.
- (12) Late payment constitutes a breach of contract which has been made financially attractive to debtors in most Member States by low or no interest rates charged on late payments and/or slow procedures for redress. A decisive shift ***to a culture of prompt payment***, including ***that*** the exclusion of the right to charge interest ***should always be considered to be a grossly*** unfair contractual ***term or practice***, is necessary to reverse this trend and to ensure that the consequences of late payments are such as to discourage late payment. ***This shift should also include specific provisions on payment periods and on the compensation of creditors for the costs incurred, and, inter alia, that the exclusion of the right to compensation for recovery costs should be presumed to be grossly unfair.***

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<sup>1</sup> ***OJ L 124, 20.5.2003, p. 36.***

- (12a) Accordingly, provision should be made for business-to-business contractual payment periods to be limited as a general rule to 60 calendar days. However, there may be circumstances in which undertakings require more extensive payment periods, for example when undertakings wish to grant trade credit to their customers. It should therefore remain possible for the parties to expressly agree on payment periods longer than 60 calendar days, provided however that such extension is not grossly unfair to the creditor.**
- (12b) The delivery of goods and the provision of services for remuneration to which this Directive applies should also include the design and execution of public works and building and civil engineering works.**
- (13) In the interest of consistency of *Union* legislation, the definition of "contracting authorities" in *point (a) of Article 2(1) of Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors<sup>1</sup> and in Article 1(9) of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public services contracts<sup>2</sup>* should apply for the purposes of this Directive.
- (14) Statutory interest due for late *payment* should be calculated on a daily basis as simple interest, in accordance with Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time limits<sup>3</sup>.
- (14a) This Directive should not oblige a creditor to claim interest for late payment. In the event of late payment, this Directive should allow a creditor to resort to charging interest for late payment without any prior notice of non-performance or other similar notice reminding the debtor of his obligation to pay.**
- (14b) A debtor's payment should be regarded as late, for the purposes of entitlement to interest for late payment, where the creditor does not have the sum owed at his disposal on the due date provided that he has fulfilled his legal and contractual obligations.**
- (14c) Invoices trigger requests for payment and are important documents in the value chain of transactions for the supply of goods and services, inter alia for determining the payment deadline. For the purposes of this Directive, Member States should promote systems that give legal certainty as regards the exact date of receipt of invoices by the debtors, including in the field of e-invoicing where the receipt of invoices could generate electronic evidences and which would be partly governed by Council Directive 2010/45/EU of 13 July 2010 amending Directive 2006/112/EC on the**

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<sup>1</sup> OJ L 134, 30.4.2004, p. 1.

<sup>2</sup> OJ L 134, 30.4.2004, p. 114.

<sup>3</sup> OJ L 124, 8.6.1971, p. 1.

*common system of value added tax as regards the rules on invoicing<sup>1</sup>.*

- (15) A fair compensation of creditors for the recovery costs incurred **due to** late payment is necessary to ensure that the consequences of late payments are such as to discourage late payment. Recovery costs should also include the recovery of administrative costs and compensation for internal costs incurred due to late payment for which this Directive should determine **a fixed minimum sum** which may be cumulated with interest for late payment. **Compensation in the form of a fixed sum should aim at limiting the administrative and internal costs linked to the recovery.** Compensation for the recovery costs should be considered without prejudice to national provisions according to which a national judge may award to the creditor any additional damage regarding the debtor's late payment.
- (15a) In addition to an entitlement to payment of a fixed sum to cover internal recovery costs, creditors should also be entitled to reimbursement of the other recovery costs they incur as a result of late payment by a debtor. Such costs should include, in particular, those incurred by creditors in instructing a lawyer or employing a debt collection agency.**
- (15b) This Directive should not prejudice the right of Member States to provide for fixed sums for compensation of recovery costs which are higher and therefore more favourable to the creditor, or to increase these amounts, inter alia in order to keep pace with inflation.**
- (16) **This Directive should not prevent payments by instalments or staggered payments. However, each instalment or payment should be paid on the agreed terms and should be subject to the rules for late payment set out in this Directive.**
- (17) **As a general rule, public authorities benefit from more secure, predictable and continuous revenue streams than undertakings. In addition, many public authorities can obtain financing at more attractive conditions than undertakings. At the same time, public authorities depend less than undertakings on building stable commercial relationships for the achievement of their aims. As a consequence, long payment periods and late payment by public authorities for goods and services lead to unjustified costs for undertakings. It is therefore appropriate to introduce specific rules as regards commercial transactions for the supply of goods or services by undertakings to public authorities, providing in particular for payment periods that normally do not exceed 30 calendar days, unless otherwise expressly agreed in the contract and provided it is objectively justified in the light of the particular nature or features of the contract, and in any event do not exceed 60 calendar days.**
- (17a) However, account should be taken of the specific situation of public authorities carrying out economic activities of an industrial or commercial nature by offering goods or services in the market as a public undertaking. For that purpose, Member States should be allowed, under certain conditions, to extend the statutory payment period up to a maximum of 60 calendar days.**

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<sup>1</sup> OJ L 189, 22.7.2010, p. 1.

- (17b) A particular cause for concern in connection with late payment is the situation of health services in a large number of Member States. Healthcare systems, as a fundamental part of Europe's social infrastructure, are often obliged to reconcile individual needs with the available finances, as the population of Europe ages, as expectations rise, and as medicine advances. All systems have to deal with the challenge of prioritising healthcare in a way that balances the needs of individual patients with the financial resources available. Member States should therefore be able to afford to public entities providing healthcare a certain amount of flexibility in meeting their commitments. For that purpose, Member States should be allowed, under certain conditions, to extend the statutory payment period up to 60 calendar days. Member States should nonetheless make every effort to ensure that payments in the healthcare sector are made within the statutory payment periods.*
- (17c) In order not to jeopardise the achievement of the objective of this Directive, Member States should ensure that in commercial transactions the maximum duration of a procedure of acceptance or verification does not exceed, as a general rule, 30 calendar days. Nevertheless, it should be possible for a verification procedure to exceed 30 calendar days, for example in the case of particularly complex contracts, when expressly agreed in the contract and in any tender documents and if it is not grossly unfair to the creditor.*
- (17d) The Union institutions are in a situation comparable to that of the public authorities of Member States with regard to their financing and commercial relationships. Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup> specifies that the validation, authorisation and payment of expenditure by Union institutions must be completed within the time-limits laid down in its implementing rules. Those implementing rules are currently set out in Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and specify the circumstances in which creditors paid late are entitled to receive default interest. In the context of ongoing revision of those Regulations, it should be ensured that the maximum time-limits for payment by the Union institutions are aligned to the statutory periods applicable to public authorities in accordance with this Directive.*
- (18) This Directive should prohibit abuse of freedom of contract to the disadvantage of the creditor. As a result, where a term in a contract or a practice relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs is not justified on the grounds of the terms granted to the debtor, or it mainly serves the purpose of procuring the debtor additional liquidity at the expense of the creditor, it may be regarded as constituting such an abuse. For that purpose, and in accordance with the academic "Draft Common Frame of Reference", any contract term or practice grossly deviating from good commercial practice, contrary*

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.

<sup>2</sup> OJ L 357, 31.12.2002, p.1.

*to good faith and fair dealing, should be regarded as unfair to the creditor. In particular, the outright exclusion of the right to charge interest should always be considered as grossly unfair, whereas the exclusion of the right to compensation for recovery costs should be presumed to be grossly unfair.* This Directive should not affect national provisions relating to the way contracts are concluded or regulating the validity of contractual terms which are unfair to the debtor.

**(18a) In the context of enhanced efforts to prevent the abuse of contractual freedom to creditors' detriment, officially recognised bodies, and bodies with a legitimate interest in, representing undertakings should be able to take action before national courts or administrative bodies in order to prevent the continued use of contract terms or practices which are grossly unfair to the creditor.**

**(18b) In order to contribute to the achievement of the aim of this Directive, Member States should foster the spread of good practices, including by encouraging the publication of a list of prompt payers.**

(19) It is desirable to ensure that creditors are in a position to exercise a retention of title on a non-discriminatory basis throughout the *Union*, if the retention of title clause is valid under the applicable national provisions designated by private international law.

(20) This Directive only defines the term "enforceable title" but does not regulate the various procedures of forced execution of such a title and the conditions under which forced execution of such a title can be stopped or suspended.

(21) The consequences of late payment can be dissuasive only if they are accompanied by procedures for redress which are rapid and effective for the creditor. In accordance with the principle of non-discrimination set out in *Article 18* of the Treaty *on the Functioning of the European Union*, those procedures should be available to all creditors who are established in the *Union*.

**(21a) In order to facilitate compliance with the provisions of this Directive, Member States should encourage recourse to mediation or other means of alternative dispute resolution. Directive 2008/52/EC of the European Parliament and of the Council of 21 May 2008 on certain aspects of mediation in civil and commercial matters<sup>1</sup> already sets a framework for systems of mediation at Union level, especially for cross-border disputes, without preventing its application to internal mediation systems. Member States should also encourage interested parties to draw up voluntary codes of conduct aimed, in particular, at contributing to the implementation of this Directive.**

(22) It is necessary to ensure that the recovery procedures for unchallenged claims related to late payment in commercial transactions be completed within a short period of time, *including through an expedited procedure and irrespective of the amount of the debt.*

(23) The obligation to transpose this Directive into national law should be confined to those provisions which represent a substantive change as compared with Directive

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<sup>1</sup> *OJ L 136, 24.5.2008, p. 3.*

2000/35/EC. The obligation to transpose the provisions which are unchanged arises under that Directive.

- (24) This Directive should be without prejudice to the obligations of the Member States relating to the time-limits for transposition into national law and application of Directive 2000/35/EC.

***(24a) In accordance with point 34 of the Interinstitutional Agreement on better law-making<sup>1</sup>, Member States are encouraged to draw up, for themselves and in the interest of the Union, their own tables which will, as far as possible, illustrate the correlation between this Directive and their transposition measures, and to make those tables public.***

HAVE ADOPTED THIS DIRECTIVE:

#### Article 1

##### ***Subject matter and scope***

- 1. The aim of this Directive is to combat late payment in commercial transactions, in order to ensure the proper functioning of the internal market, thereby fostering the competitiveness of businesses and in particular of SMEs.***
1. This Directive shall apply to all payments made as remuneration for commercial transactions.
  2. **█** Member States may exclude **█** debts that are subject to insolvency proceedings instituted against the debtor, ***including proceedings aimed at debt restructuring.***

#### Article 2

##### Definitions

For the purposes of this Directive, the following definitions shall apply:

- (1) "commercial transactions" means transactions between undertakings or between undertakings and public authorities which lead to the delivery of goods or the provision of services for remuneration;
- (2) "public authority" means any contracting authority, as defined ***in point (a) of Article 2(1) of Directive 2004/17/EC and in Article 1(9) of Directive 2004/18/EC, regardless of the subject or value of the contract,***
- (3) "undertaking" means any organisation, other than a public authority, acting in the course

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<sup>1</sup> ***OJ C 321, 31.12.2003, p. 1.***

- of its independent economic or professional activity, even where it is carried on by a single person;
- (4) "late payment" means *payment not made* within the *contractual or statutory* period of payment *in accordance with the conditions laid down* in *Article 3(1) and Article 5(1)*;
  - (5) "interest for late payment" means statutory interest *for late payment* or interest *at a rate* agreed upon between undertakings, *subject to the provisions laid down in Article 6*;
  - (6) "statutory interest *for late payment*" means simple interest for late payment at a rate which is the reference rate plus at least *eight* percentage points;
  - (6a) "*amount due*" means *the principal sum which should have been paid within the contractual or statutory period of payment, including the applicable taxes, duties, levies or charges specified in the invoice or the equivalent request for payment*;
  - (7) "reference rate" means either of the following:
    - (a) the interest rate applied by the European Central Bank to its most recent main refinancing operations or the marginal interest rate resulting from variable-rate tender procedures for such operations;
    - (b) for a Member State *whose currency is not the euro*, the equivalent rate set by its national central bank;
  - (8) "retention of title" means the contractual agreement according to which the seller retains title to the goods in question until the price has been paid in full;
  - (9) "enforceable title" means any decision, judgment or order for payment issued by a court or other competent authority, including those that are provisionally enforceable, whether for immediate payment or payment by instalments, which permits the creditor to have his claim against the debtor collected by means of forced execution.

### Article 3

#### *Transactions between undertakings*

1. Member States shall ensure that in commercial transactions between undertakings, the creditor is entitled to interest for late payment without the necessity of a reminder, *where* the following conditions are satisfied:
  - (a) the creditor has fulfilled its contractual and legal obligations; and
  - (b) the creditor has not received the amount due on time, unless the debtor is not responsible for the delay.
2. Where the conditions set out in paragraph 1 are *satisfied*, Member States shall ensure

the following:

- (a) ***the creditor is entitled to*** interest for late payment **■** from the day following the date or the end of the period for payment fixed in the contract;
  - (b) if the date or period for payment is not fixed in the contract, ***the creditor is entitled to*** interest for late payment ***upon the expiry of*** any of the following time-limits :
    - (i) 30 ***calendar*** days following the date of receipt by the debtor of the invoice or an equivalent request for payment;
      - (ia) ***if the date of the receipt of the invoice or the equivalent request for payment is uncertain, 30 calendar days after the date of receipt of the goods or services;***
      - (ii) if the debtor receives the invoice or the equivalent request for payment earlier than the goods or the services, 30 ***calendar*** days after the receipt of the goods or services;
      - (iii) if a procedure of acceptance or verification, by which the conformity of the goods or services with the contract is to be ascertained, is provided for by statute or in the contract and if the debtor receives the invoice or the equivalent request for payment earlier or on the date on which such acceptance or verification takes place, 30 ***calendar*** days after that date.
- 2a. ***Member States shall ensure that the maximum duration of the procedure of acceptance or verification referred to in point (iii) of point (b) of paragraph 2 does not exceed 30 calendar days from the date of receipt of the goods or services, unless otherwise expressly agreed in the contract and provided it is not grossly unfair to the creditor within the meaning of Article 6.***
- 2b. ***Member States shall ensure that the period for payment fixed in the contract does not exceed 60 calendar days, unless otherwise expressly agreed in the contract and provided it is not grossly unfair to the creditor within the meaning of Article 6.***
3. Member States shall ensure that the applicable reference rate:
- (a) for the first semester of the year concerned shall be the rate in force on 1 January of that year;
  - (b) for the second semester of the year concerned shall be the rate in force on 1 July of that year.

#### Article 4

##### Compensation for recovery costs

1. Member States shall ensure that, when interest for late payment becomes payable in commercial transactions in accordance with Article 3 *or* 5 , the creditor is entitled to obtain from the debtor, *as a minimum*, a fixed sum of EUR 40.
2. Member States shall ensure that the *fixed sum* referred to in paragraph 1 *is* payable without the necessity of a reminder and as compensation for the creditor's own recovery costs.
3. The creditor shall, in addition to the *fixed sum referred to* in paragraph 1, be entitled to obtain reasonable compensation from the debtor for *any* recovery costs *exceeding that fixed sum and* incurred *due to the debtor's* late payment. *This could include expenses incurred, inter alia, in instructing a lawyer or employing a debt collection agency.*

## Article 5

### Transactions between undertakings and public authorities

1. Member States shall ensure that, in commercial transactions *where the debtor is a public authority*, the creditor is entitled *upon expiry of the period defined in paragraphs 2, 2a or 4 to statutory interest for late payment*, without the necessity of a reminder, *where* the following conditions are satisfied:
  - (a) the creditor has fulfilled its contractual and legal obligations; and
  - (b) the creditor has not received the amount due on time, unless the debtor is not responsible for the delay.
2. Member States shall ensure *that in commercial transactions where the debtor is a public authority*,
  - (b) the period for payment *does not exceed* any of the following time-limits:
    - (i) 30 *calendar* days following the date of receipt by the debtor of the invoice or an equivalent request for payment;
    - (ii) if the debtor receives the invoice or the equivalent request for payment earlier than the goods or the services, 30 *calendar* days after the receipt of the goods or services;
    - (iii) if a procedure of acceptance or verification, by which the conformity of the goods or services with the contract is to be ascertained, is provided for by statute or in the contract and if the debtor receives the invoice or the equivalent request for payment earlier or on the date on which such

acceptance or verification takes place, 30 *calendar* days after that date;

*(iii) if the date of receipt of the invoice or the equivalent request for payment is uncertain, 30 calendar days after the date of the receipt of the goods or services;*

*(ba) the date of receipt of the invoice is not subject to a contractual agreement between debtor and creditor.*

*2a. Member States may extend the time-limits referred to in point (a) of paragraph 2 up to a maximum of 60 calendar days for:*

*(a) any public authority which carries out economic activities of an industrial or commercial nature by offering goods or services on the market and which is subject as a public undertaking to the transparency requirements laid down in Commission Directive 2006/111/EC of 16 November 2006 on the transparency of financial relations between Member States and public undertakings as well as on financial transparency within certain undertakings<sup>1</sup>;*

*(b) public entities providing healthcare which are duly recognised for that purpose.*

*If a Member State decides to extend the time-limits in accordance with the first subparagraph, it shall send a report on its implementation to the Commission within five years from the date referred to in Article 11(1).*

*On this basis, the Commission shall submit a report to the European Parliament and the Council indicating which Member States have extended the time-limits in accordance with the first subparagraph and taking into account the impact on the functioning of the internal market, in particular on SMEs. That report shall be accompanied by any appropriate proposals.*

3. Member States shall ensure that the maximum duration of a procedure of acceptance or verification referred to in *point (b)(iii) of paragraph 2* does not exceed 30 *calendar* days *from the date of receipt of the goods or services*, unless otherwise *expressly agreed in the contract and any* tender documents and *provided it is not grossly unfair to the creditor within the meaning of Article 6.*

4. Member States shall ensure that the period for payment fixed in the contract does not exceed the time-limits provided for in *paragraph 2*, unless *otherwise expressly agreed in the contract and provided it is objectively justified in the light of the particular nature or features of the contract, and that it in any event does not exceed 60 calendar days.*

6. Member States shall ensure that the applicable reference rate **█** :

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<sup>1</sup> *OJ L 318, 17.11.2006, p. 17.*

- (a) for the first semester of the year concerned shall be the rate in force on 1 January of that year;
- (b) for the second semester of the year concerned shall be the rate in force on 1 July of that year.

## Article 6

### ■ Unfair contractual *terms and practices*

1. Member States shall provide that a *term* in a contract *or a practice* relating to the date *or period* for payment, the rate of interest for late payment or *the compensation for recovery costs* *is* either ■ unenforceable or *gives* rise to a claim for damages if it is grossly unfair to the creditor.

In determining whether a *term or practice* is grossly unfair to the creditor, *within the meaning of the first subparagraph*, all circumstances of the case shall be considered, including:

- (a) *any gross deviation from* good commercial practice, *contrary to good faith and fair dealing*;
  - (b) the nature of the product or the service; *and*
  - (c) whether the debtor has any objective reason to deviate from the statutory rate of interest *for late payment*, from *the payment period as referred to in* Article 3(2b), *Article 5(2), Article 5(2a) and Article 5(4) or from Article 4(1)*.
- 1a. For the purpose of *paragraph 1*, a *term or a practice* which excludes interest for late payment shall ■ be considered as grossly unfair.
  - 1b. *For the purpose of paragraph 1, a term or a practice which excludes compensation for recovery costs as referred to in Article 4 shall be presumed to be grossly unfair.*
2. Member States shall ensure that, in the interests of creditors and competitors, adequate and effective means exist to prevent the continued use of *terms and practices* which are grossly unfair ■ within the meaning of paragraph 1.
  3. The means referred to in paragraph 2 shall include provisions whereby ■ organisations *officially recognised as, or having a legitimate interest in, representing undertakings* may take action according to the national law concerned before the courts or before competent administrative bodies on the grounds that *contractual terms or practices* are grossly unfair *within the meaning of paragraph 1*, so that they can apply appropriate and effective means to prevent their continued use.

## Article 7

### Transparency *and awareness raising*

1. Member States shall ensure transparency about the rights and obligations stemming from this Directive, ***including by making publicly available the applicable rate of statutory interest for late payment.***
2. ***The Commission shall make publicly available on the Internet details of the current statutory rates of interest which apply in all the Member States in the event of late payment in commercial transactions.***
3. ***Member States shall, where appropriate, use professional publications, promotion campaigns or any other functional means to increase awareness of the remedies for late payment among businesses.***
4. ***Member States may encourage the establishment of prompt payment codes which set out clearly defined payment time-limits and a proper process for dealing with any payments that are in dispute, or any other initiatives that tackle the crucial issue of late payment and contribute to developing a culture of prompt payment which supports the aims of this Directive.***

## Article 7a

### Payment schedules

***This Directive shall be without prejudice to the ability of parties to agree, subject to the relevant provisions of applicable national law, on payment schedules providing for instalments. In such cases, where any of the instalments is not paid by the agreed date, interest and compensation provided for in this Directive shall be calculated solely on the basis of overdue amounts.***

## Article 8

### Retention of title

1. Member States shall provide in conformity with the applicable national provisions designated by private international law that the seller retains title to goods until they are fully paid for if a retention of title clause has been expressly agreed between the buyer and the seller before the delivery of the goods.
2. Member States may adopt or retain provisions dealing with down payments already made by the debtor.

## Article 9

## Recovery procedures for unchallenged claims

1. Member States shall ensure that an enforceable title can be obtained, ***including through an expedited procedure and*** irrespective of the amount of the debt, ***normally*** within 90 calendar days of the lodging of the creditor's action or application at the court or other competent authority, provided that the debt or aspects of the procedure are not disputed. ***Member States shall carry out this duty in accordance with their respective national laws, regulations and administrative provisions.***
2. National ***laws***, regulations and administrative provisions shall apply the same conditions for all creditors who are established in the ***Union***.
3. When calculating the period referred to in paragraph 1, the following shall not be taken into account:
  - (a) periods for service of documents;
  - (b) any delays caused by the creditor, such as periods devoted to correcting applications.
4. ***The Article*** shall be without prejudice to the provisions of Regulation (EC) 1896/2006.†

## Article 10

### Report

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Within three years after the date referred to in Article 11(1), the Commission shall submit a report to the European Parliament and the Council on the implementation of this Directive. The report shall be accompanied by any appropriate proposals.

## Article 11

### Transposition

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with ***Articles 1 to 7a and 9*** by ...\*. They shall forthwith communicate to the Commission the text of those provisions ■.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. They shall also include a statement that references in existing laws,

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\* ***Two years after entry into force of this Directive.***

regulations and administrative provisions to the directive repealed by this Directive shall be construed as references to this Directive. Member States shall determine how such reference is to be made and how that statement is to be formulated.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.
3. Member States may maintain or bring into force provisions which are more favourable to the creditor than the provisions necessary to comply with this Directive.
4. In transposing the Directive, Member States *shall decide whether to* exclude contracts concluded prior to the date specified in paragraph 1.

## Article 12

### Repeal

Save as regards contracts concluded before ... \* to which this Directive does not apply pursuant to Article 11(4), Directive 2000/35/EC is repealed with effect from that date, without prejudice to the obligations of the Member States relating to the time-limit for its transposition into national law and its application.

References to the repealed Directive shall be construed as references to this Directive and shall be read in accordance with the correlation table *set out* in the Annex.

## Article 13

### Entry into force

This Directive shall enter into force on the [twentieth] day following that of its publication in the *Official Journal of the European Union*.

## Article 14

### Addressees

This Directive is addressed to the Member States.

For the European Parliament

For the Council

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\* *Two years after entry into force of this Directive.*

The President

The President

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