

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2023/0323(COD) Awaiting Council's 1st reading position
Commercial transactions: combating late payment	
Subject 3.45.02 Small and medium-sized enterprises (SME), craft industries 3.45.03 Financial management of undertakings, business loans, accounting	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Internal Market and Consumer Protection	 THUN UND HOHENSTEIN Róza	23/08/2023
		Shadow rapporteur	
		 MANDERS Antonius	
		 PENKOVA Tsvetelina	
		 GRUFFAT Claude	
		 JORON Virginie	
		 JURZYCA Eugen	
		 KOULOGLOU Stelios	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Industry, Research and Energy	The committee decided not to give an opinion.	
	 Legal Affairs	The committee decided not to give an opinion.	
Council of the European Union	Commission DG	Commissioner	
European Commission	Internal Market, Industry, Entrepreneurship and SMEs	BRETON Thierry	
European Economic and Social Committee			

Key events

12/09/2023	Legislative proposal published	COM(2023)0533	Summary
02/10/2023	Committee referral announced in Parliament, 1st reading		
20/03/2024	Vote in committee, 1st reading		
25/03/2024	Committee report tabled for plenary, 1st reading	A9-0156/2024	
23/04/2024	Decision by Parliament, 1st reading	T9-0299/2024	

Technical information

Procedure reference	2023/0323(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the EU TFEU 114
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	IMCO/9/13225

Documentation gateway

Legislative proposal	COM(2023)0533	12/09/2023	EC	Summary
Document attached to the procedure	SEC(2023)0313	13/09/2023	EC	
Document attached to the procedure	SWD(2023)0312	13/09/2023	EC	
Document attached to the procedure	SWD(2023)0313	13/09/2023	EC	
Document attached to the procedure	SWD(2023)0314	13/09/2023	EC	
Committee draft report	PE756.002	14/11/2023	EP	
Amendments tabled in committee	PE757.363	15/12/2023	EP	
Amendments tabled in committee	PE757.130	18/12/2023	EP	
Economic and Social Committee: opinion, report	CES3705/2023	17/01/2024	ESC	
Committee of the Regions: opinion	CDR4941/2023	31/01/2024	CofR	
Committee report tabled for plenary, 1st reading/single reading	A9-0156/2024	25/03/2024	EP	
Text adopted by Parliament, 1st reading/single reading	T9-0299/2024	23/04/2024	EP	

Commercial transactions: combating late payment

PURPOSE: to combat late payment in commercial transactions, in order to ensure the proper functioning of the internal market.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: every year, around 18 billion invoices are issued in the EU, more than 500 every second. Goods and services are often

supplied on deferred payments: the supplier (the creditor) grants the client (the debtor) a payment term to pay the invoice (trade credit), after the goods are delivered or the service agreed on in the contract is provided.

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 or by law.

Late payments directly affect liquidity and predictability of cash flows. This affects competitiveness, reduces productivity, leads to redundancies, increases the likelihood of insolvencies and bankruptcies and is a critical barrier for growth. Small and medium sized enterprises (SMEs), who rely on regular and predictable streams of cash, are heavily affected by those negative consequences.

For debtors, paying late is an attractive form of finance that costs the debtor nothing but does have a cost for the creditor. This is compounded by the inadequacy of the current EU legal framework, Directive 2011/7/EU (the Late Payment Directive), which lacks sufficient preventive measures and suitable deterrents, and whose enforcement and redress mechanisms are insufficient.

The revision of the Late Payment Directive addresses these shortcomings, with the ultimate aims of improving the payment discipline of all concerned actors (public authorities, large companies and SMEs) and protecting companies from the negative effects of payment delays in commercial transactions.

CONTENT: the proposed regulation will apply to payments made in transactions between undertakings or between undertakings and public authorities, where the public authority is the debtor, which lead to the delivery of goods or the provision of services for remuneration.

The regulation will not apply to payments for transactions with consumers; payments made as compensation for damages, including payments from insurance companies; payments resulting from obligations that can be cancelled, postponed, or waived under or in relation to insolvency proceedings or restructuring proceedings.

The proposed revision of the Late Payments Directive:

- limits the payment period and the duration of the procedure of acceptance or verification to a maximum of 30 days;
- eliminates any reference to the concept of grossly unfair practices and clauses;
- removes exceptions for a maximum payment period of 60 days for healthcare and public authorities carrying out economic activities;
- supports that payments are passed down the supply chain in contracts for public works, by requiring the main contractor to prove that direct subcontractors have been paid;
- clarifies that interest for late payment is automatically due when the necessary conditions are satisfied, requires also that the debtor give the creditor all the information they need to ensure an invoice can be accepted and clarifies that interest for late payment accrues until payment of the principal;
- states that the interest for late payment will be equal to the reference rate plus 8 percentage points;
- provides that a flat fee compensation for recovery costs will be automatically due by the debtor to the creditor and will amount to a fixed sum of EUR 50, per every single commercial transaction;
- states that Member States are obliged to designate national authorities responsible for enforcing the Regulation, who are to cooperate with the Commission and with other relevant national enforcement authorities;
- sets out the conditions under which creditors and associations of creditors can complain about late payments, as well as the obligations of the enforcement authorities in relation to complaints;
- promotes the voluntary use of effective and independent alternative dispute resolution mechanisms for a quicker settlement of disputes between creditors and debtors, without damaging their commercial relationship;
- ensures the use of digital tools for enforcing the Regulation and the promotion of credit management tools and financial literacy training for SMEs, to reduce late payment.

Transparency				
JURZYCA Eugen	Shadow rapporteur	IMCO	06/03/2024	Fleishman-Hillard
THUN UND HOHENSTEIN Ró?a	Rapporteur	IMCO	30/11/2023	CONFEDERACION ESPAÑOLA DE LA PEQUEÑA Y MEDIANA EMPRESA
JURZYCA Eugen	Shadow rapporteur	IMCO	30/11/2023	CONFEDERACION ESPAÑOLA DE LA PEQUEÑA Y MEDIANA EMPRESA
THUN UND HOHENSTEIN Ró?a	Rapporteur	IMCO	23/11/2023	Polish Confederation Lewiatan
THUN UND HOHENSTEIN Ró?a	Rapporteur	IMCO	21/11/2023	BUSINESSEUROPE

TOVAGLIERI Isabella	Committee chair	ITRE	21/11/2023	Confartigianato Imprese
THUN UND HOHENSTEIN Róza	Rapporteur	IMCO	16/11/2023	European Construction Industry Federation
THUN UND HOHENSTEIN Róza	Rapporteur	IMCO	26/10/2023	European & International Booksellers Federation Federation of European Publishers
THUN UND HOHENSTEIN Róza	Rapporteur	IMCO	25/10/2023	BUSINESSEUROPE
THUN UND HOHENSTEIN Róza	Rapporteur	IMCO	25/10/2023	BFF Banking Group
	Member	19/03/2024	Auchan Retail France	
TÓTH Edina	Member	19/03/2024	Egészségügyi Technológia és Orvostechnikai Szállítók Egyesülete	
	Member	18/03/2024	Confédération des petites et moyennes entreprises	
	Member	14/03/2024	Fédération du commerce et de la distribution	
	Member	14/03/2024	BUSINESSEUROPE	
RINZEMA Catharina	Member	12/03/2024	Vereniging VNO-NCW	
	Member	08/03/2024	BUSINESSEUROPE	
COMI Lara	Member	01/03/2024	Federazione Italiana dell'Industria Alimentare	
COMI Lara	Member	28/02/2024	Unione Italiana Vini	
KOKALARI Arba	Member	22/02/2024	Svensk Handel	