White paper

# Coming to terms with late payment

## How the world's largest economies are protecting small businesses

Half of the world's largest economies have legislation in place to limit the payment terms on which large firms can pay their suppliers, according to new research by Taulia.

The challenges faced by late payment have now been given greater impetus by the impact of the COVID-19 pandemic. Governments are keen to protect their small businesses from cash flow constraints created by long payment terms.

# A broader trend

To help companies of all sizes deal with the vast number of country and sector specific laws regulating payment terms, Taulia has created a global database of international payment terms laws and codes of conduct. This research shows that there are at least 54 countries around the world that currently have laws that restrict maximum payment terms for either government procurement or commercial contracts. To put this in context, this accounts for 50% of the largest 100 countries by GDP and includes countries as diverse as India, Belarus, Morocco, Guatemala and Lesotho.

All of the OECD (The Organisation for Economic Co-operation and Development) countries have begun to regulate payment terms, except Mexico, Switzerland and New Zealand. Of these three, Mexico is currently proposing new laws to restrict commercial terms to 30 days and New Zealand is discussing a paper proposing 20 day maximum terms. In fact, aside from the EU's UTP implementation, at least seven countries are in the process of proposing, drafting or implementing new payment terms law including Kenya, Uzbekistan, Peru and Australia.

# Supporting SME cash flow

The driving force behind this regulation is the increasing realisation by policy makers and economists of the crucial role SMEs play in strong and resilient economies. In the EU, for instance, SMEs make up 99% of all businesses and account for more than half of Europe's GDP. However, in many industries smaller firms lack negotiating power and a growing body of research is highlighting the cash flow challenges created by long payment terms and late payment.

A lack of access to traditional sources of finance compounds this cash flow challenge for growing SMEs. This is exemplified in the UK by a report produced by the ScaleUp Institute1, a non-profit focused on supporting rapidly growing SMEs. They report that one of the highest priorities for growing SMEs is access to finance, after access to markets and talent.

As the current global pandemic further challenges cash flow and finance availability for SMEs, governments are acting to support these firms with policies like the EU's SME Strategy launched in March 2020.

**1.** https://www.scaleupinstitute.org.uk/scaleup-review/

# No standard approach to regulation

Supply chain structures, negotiating power and access to finance vary by country, industry and sector and so it is not surprising to find that, as regulation of payment terms increases, so does the complexity for the procurement and accounts payable functions of any company operating internationally.

**4/5**

countries with payment term regulation have laws that broadly cover industries

Taulia's new payment terms research shows a clear split between broader, one-size-fits-all approaches and more sector-specific regulation. Of the 46 countries where maximum payment terms law exists for commercial contracts, four out of five countries have laws that cover all industries broadly. The construction and retail / agricultural sectors, where the dynamics between smaller and larger firms across the supply chain is often more severe, have seen even more focus. Nearly 96% of those 46 countries regulate the construction sector, with nine countries including specific maximum terms. Singapore, Vietnam and Canada have so far only introduced laws for this sector. In Canada both Federal and local provincial laws exist for the construction sector - a similar approach to the US, where federal law regulates government construction contracts and all but 15 states have implemented local laws for private construction. For the agricultural and retail sectors over 91% of countries with payment terms laws regulate these sectors. At least 17 countries include specific maximum terms, including a swathe of EU members as well as the likes of Belarus, Russia, Turkey and the US, where local state laws exist for a range of grain and livestock.

Even where a broad approach has been taken to payment terms regulation it is enlightening to see the variation. The EU's Late Payment Directive, which sets a maximum term of 60 days for all commercial contracts, has seen various different maximum terms implemented in practice. A handful of countries have reduced this maximum to 30 days and the Netherlands is currently drafting an amendment for a 30 day maximum to apply specifically to SME suppliers. India has similarly targeted SMEs directly with a maximum term of 45 days for all contracts with SMEs. In South America, Chile has led the way with a broad 30 day maximum term which came into force in April 2020 while Colombia has set a 45 day maximum. In the meantime both Mexico and Peru are following suit with legislative proposals for 30 day maximum terms.

# New European regulation

For companies in the United Kingdom and European Union, prompt payment and commercial payment terms have demanded attention since the introduction of the EU Late Payment Directive in 2011. Many countries have gone beyond the basic requirements of this directive, with the Scandinavians implementing shorter maximum terms of 30 days, the UK, France and Spain requiring reporting of payment practices and a host of countries creating shorter terms specifically for the retail and agricultural sectors.

This has led more recently to the EU publishing the directive on unfair trading practices (UTP) in the agricultural and food supply chain. This new directive aims to support smaller agricultural producers and distributors by restricting a range of practices and further limiting maximum payment terms for perishable goods to 30 days. Recent research by Taulia into payment terms in more than 180 countries across the world highlights how this is only part of a much broader global landscape of payment terms regulation that any firm trading internationally must navigate.

# The role of alternative finance

In the context of this body of regulation, financial inclusion and particularly the role of alternative finance remains an important pillar of the long term solution to improving cash availability for small firms through the supply chain.

The ScaleUp Institute reports that 6 out of 10 rapidly-growing UK SMEs do not feel they have the right finance in place. Unsurprisingly, supporting the growth of fintech and alternative finance is increasingly part of business and industrial strategies for governments around the world. Research by the University of Cambridge Centre for Alternative Finance shows that, excluding China, alternative finance volumes have more than doubled globally over the last three years[2].

Invoice-based finance, such as Taulia's Supply Chain Finance and Dynamic Discounting, present a unique win-win solution for both buyers and suppliers. The same research by the University of Cambridge Centre for Alternative Finance shows that for the UK alone this type of invoice-based finance has nearly tripled in the last three years as it represents one of the most sustainable forms of alternative finance.

With these arrangements, suppliers access funding at rates well below traditional lending and importantly have the ability to access cash almost immediately without burdensome paperwork.
As companies across the world adapt and rebuild from the impacts of this global pandemic, understanding the cash flow impacts of payment terms regulation and how alternative finance can strengthen supply chains will give businesses flexibility to grow.

**2.** https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/the-global-alternative-finance-market-benchmarking-report/

# Appendix

| Country | Type | Summary | Link |
|---|---|---|---|
| Argentina | law | Article 47 of Provision 63/2016 of the National Contracting Office sets a maximum payment term of 30 days for suppliers to government departments. | http://servicios.infoleg.gob.ar/infolegInter-net/anexos/265000-269999/265968/norma.htm |
| Australia | law | The Construction Contracts Act limits payment terms to a maximum of 42 days. Where no terms in a contract exist payment must be made within 28 days of a request. | https://www.legislation.wa.gov.au/legisla-tion/statutes.nsf/law_a7030_currencies.html |
| | note | The Australian government has committed itself to pay e-invoices within 5 days and all other other small supplier invoices within 20 days. | https://www.financeminister.gov.au/media-release/2019/11/07/government-pay-e-invoices-within-five-days |
| | note | The Australian Small Business and Family Enterprise Ombudsman has investigated commercial payment terms to SMEs and the government is debating introduction of additional laws. | https://www.asbfeo.gov.au/sites/default/files/documents/ASBFEO-payment-times-report-2019.pdf |
| | code | The Business Council of Australia promotes the Australian Supplier Payment Code where members commit to pay suppliers within 30 days. | https://www.supplierpaymentcode.org.au/ |
| | law | The Australia Payment Times Reporting (Consequential Amendments) Bill 2020 requires all companies with turnover of more than $100m to report on their payment terms and practices for small business suppliers every six months. | https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r6542 |
| | law | “Through the Payment Default Act, sections 904, 907a and 1334 of the General Civil Code in Austria enact the EU Late Payment Directive (see European Union for details). The law states that â€˜grossly disadvantageousâ€™ terms are prohibited and â€˜a payment period of up to 60 days is by no means grossly disadvantageousâ€™. Additionally where no term is specified in the contract the payment has to be made â€˜without any undue delayâ€™. “ | https://www.jusline.at/gesetz/abgb |

| Country | Type | Summary | Link |
|---|---|---|---|
| Belarus | law | "The Law on State Regulation of Trade and Public Catering in the Republic of Belarus sets maximum payment terms to suppliers of food products based on shelf life. Where shelf life is less than 10 days the maximum payment term is 10 days. Where shelf life is between 10 and 30 days the maximum payment period is 30 days, and where self life is longer than 30 days the maximum payment period is 45 days." | https://pravo.by/document/?guid=3871&p0=h11400128 |
| | law | Resolution of the Council of Ministers No. 1014 of July 31, 2003 requires payment for meat, dairy and bakery products to be between 15 and 30 days depending on the type of product. | https://mshp.gov.by/documents/animal/ed74e2d6d5406493.html |
| Belgium | law | The Law Amending the Law of 2 August 2002 on the Fight Against Late Payment in Commercial Transactions enacts the EU Late Payment Directive (see European Union for details). Additionally a 2018 amendment sets a strict maximum term of 60 days where the creditor is an SME and the debtor is not an SME. | https://www.ejustice.just.fgov.be/cgi_loi/loi_ a1.pl?language=nl&la=N&cn=2002080232&table_name=wet&&caller=list&fromtab= wet&tri=dd+AS+RANK |
| | code | The Supply Chain Initiative in Belgium is connected with the European Supply Chain Initiative aimed at the agriculture and food sector and provides a code of conduct and dispute resolution mechanism. | https://supplychaininitiative.be/en/home/ |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Brazil | law | Article 86 of Law No. 8,666, 21 June 1993, of the Basilian Civil Code allows for termination of contract or supply to public institutions where payment is delayed beyond 90 days. | http://www.planalto.gov.br/ccivil_03/leis/l8666cons.htm |
| Bulgaria | law | The Commerce Act enacts the EU Late Payment Directive (see European Union for details). Additionally Article 303a, Sec. 3 Commerce Act, Bill for Amendment and Supplementation of the Commerce Act limits default terms in the absence of an agreement to 14 days from the date of receipt of the invoice, or from the date of delivery of the goods or services. | https://lex.bg/laws/ldoc/-14917630 |

| Country | Type | Summary | Link |
|---|---|---|---|
| | law | The Bulgarian Food Act sets a maximum payment term of 30 days for the purchase of foods intended for resale. The act also established a Consultative Council on the Better Functioning of the Food Supply Chain. | https://www.lex.bg/laws/ldoc/2134685185 |
| | code | The Ethical Code by the Bulgarian Chamber of Commerce promotes the broad principles of fair market relationships and competition. | https://www.bcci.bg/bulgarian/kodex.htm |
| Bulgaria | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| CÃ´te d'Ivoire | note | The government treasury department have set a target to pay public suppliers within 90 days, although this is not law. | https://fr.allafrica.com/stories/202008210880.html |
| Canada | law | The Federal Prompt Payment for Construction Work Act made changes to the Construction Act limiting payment terms for federal projects to 42 days being, 28 days for payment to the prime contractor, 7 days for following payments to subcontractors and a further 7 days for those sub-contractors to pay their suppliers. Each Canadian province has or is in the process of setting additional late payment law for construction. | https://laws.justice.gc.ca/eng/acts/F-7.7/page-2.html#h-1169521 |
| | note | "Appendix TP1 of the General Conditions of a Service Contract with the Public Services Commission of Canada sets a standard term of 30 days for public service contracts." | https://www.canada.ca/en/public-service-commission/corporate/about-us/doing-business-public-service-commission/general-conditions-service-contract.html#tp1 |
| | note | "The grain financial protection program in Canada requires licensees to make payments to producers and owners within 10 days for sales on delivery, although deferrals are possible." | https://www.agricorp.com/en-ca/Programs/GFPP/Pages/Overview.aspx |
| Chile | law | The 30 Day Payment Law in Chile, which came into force from April 2020 for the private sector, sets a maximum term for all public and private contracts at 30 days unless both parties agree otherwise in writing. | https://www.economia.gob.cl/ley-pago-a-30-dias/conoce-la-ley |

| Country | Type | Summary | Link |
|---|---|---|---|
| China | note | “Article 161 of the Contract Law of the People’s Republic of China provides that if the payment time is not stated and additional agreement cannot be reached then payment is due on delivery.“ | http://www.china.org.cn/china/LegislationsForm2001-2010/2011-02/12/content_21908031.htm |
| Colombia | law | The Payment in Fair Terms in the Commercial Field Law 2024 of July 2020 sets a maximum payment term of 45 days for all commercial contracts. There is a one year transition period with a maximum term of 60 days. | http://www.suin-juriscol.gov.co/viewDocument.asp?ruta=Letrue/30039609 |
| Croatia | law | The Act on Financial Operations and Pre-Bankruptcy Settlement enacts the EU Late Payment Directive (see European Union for details). Additionally negotiated terms above 60 days are strictly limited to 360 days provided that the debtor issues a security instrument with the legal effect of an enforceable title to the creditor. Fines may be issued by the local tax authority for late payment. | https://zakon.hr/z/543/Zakon-o-financijskom-poslovanju-i-predste%C4%8Dajnoj-nagodbi |
| Croatia | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Cyprus | law | The Law on Combating Late Payments in Commercial Transactions of 2012 enacts the EU Late Payment Directive (see European Union for details). | http://www.mcit.gov.cy/mcit/sit/sit.nsf/All/E617DDF0E4A8290EC22581790039B11B?OpenDocument |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Czech Republic | law | “Act no.179/2013 amending Act no. 513/1991 updated the Czechia Commercial Code to enact the commercial elements of the EU Late Payment Directive (see European Union for details). Additionally law no. 235/2004 on Value Added Tax, section 109, allows for the transfer of obligations to pay VAT from the creditor to the debtor in the case of late payment.“ | https://www.zakonyprolidi.cz/cs/2013-179 |

| Country | Type | Summary | Link |
|---|---|---|---|
| | law | Act no. 395/2009 Coll. on Significant Market Power in Selling of Agricultural and Food Products and its Abuse sets a maximum term of 30 days from invoice delivery for food and agricultural products. Breaches of this law can result in fines up to CZK 10 million, or 10% of net income. | https://www.uohs.cz/en/significant-market-power.html |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Denmark | law | Law 459, The Interest Act 13 May 2014, enacts the EU Late Payment Directive (see European Union for details). Additionally Danish law sets a stricter maximum payment term of 30 days unless expressly agreed by both parties and not â€˜unreasonableâ€™ or â€˜unfairâ€™. Law 193, The Contracts Act, further limits â€˜unreasonableâ€™ or â€˜unfairâ€™ practices. | https://www.retsinformation.dk/eli/lta/2014/459 |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Estonia | law | Section 82 of the Estonian Law of Obligations Act enacts the EU Late Payment Directive (see European Union for details). | https://www.riigiteataja.ee/akt/111062013009 |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| European Union | law | EU Late Payment Directive of 16 Feb 2011 required member states to implement laws by 16 Mar 2013. Maximum terms from public entities are capped at 30 days. Commercial terms cannot be longer than 60 days unless expressly agreed by both parties and not grossly unfair. Where no terms are specified the default is 30 days. Individual states can enact provisions that are more favourable to the supplier. *See EU member states for local details | https://ec.europa.eu/growth/smes/support/late-payment_en |

| Country | Type | Summary | Link |
|---|---|---|---|
| | law | On 30 April 2019 the EU adopted legislation on unfair trading practices in business-to-business relationships in the food supply chain. Among other things terms are capped at 30 days for perishable goods and 60 days for other agricultural and food products. A stricter enforcement mechanism is also required in each member state. EU countries now have two years to transpose the directive into national laws. | https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/market-measures/agri-food-supply-chain/unfair-trading-practices_en |
| | code | The Supply Chain Initiative (SCI) is a joint initiative launched by several EU level associations with the aim of increasing fairness in commercial relations along the food supply chain. | https://www.supplychaininitiative.eu/about-initiative |
| Finland | law | The Act on Payment Terms for Commercial Contracts (as last amended in 2015 by Act 385/2015) enacts the EU Late Payment Directive (see European Union for details). Additionally Finish law sets a stricter maximum term of 30 days unless expressly agreed by both parties and not unfair. The Contracts Act 1929 further limits unfair contractual clauses. | https://www.finlex.fi/fi/laki/ajantasa/2013/20130030 |
| | code | "The Board of Trading Practices in the Food Supply Chain promotes fair business practices in the sector. In addition, companies may request that the board issue a statement against a company which has shown unfair conduct. " | https://kauppakamari.fi/palvelut/elintarvikeketjun-kauppatapalautakunta/ |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |

| Country | Type | Summary | Link |
|---|---|---|---|
| France | law | “The French Commercial Code enacts the EU Late Payment Directive, with the Hamon Law and Sapin II Law updating this code over recent years. (see European Union for details).<br>In addition French law has stricter maximum terms and penalties administered through an â€˜Ombudsman for Undertakingsâ€™. Payment terms cannot exceed 60 days from the invoice date. However, where both parties agree, the terms are not grossly unfair, and are expressly stated a maximum of 75 days is possible, being 45 days from the end of month following the invoice date. Various maximum terms for specific products including 30 days for perishable and frozen foods, alcohol and transport services, and 20 days for live cattle and fresh meat, among others. “ | https://www.legifrance.gouv.fr/affichCode.do;jsessionid=132EB58BFF88ADFFDB022010B833842E.tplgfr38s_3?idSectionTA=LEGISCTA000038411055&cidTexte=LEGITEXT000005634379&dateTexte=20200808 |
| | code | The Charter for Responsible Supplier Relations in France, created by the Ombudsman for Undertakings, promotes fair payment across 10 commitments. | http://www.rfar.fr/ |
| | code | The Charter of Good Practices in the Fashion and Luxury Goods Industry promotes standard terms of 30 days. | https://archives.entreprises.gouv.fr/2012/www.industrie.gouv.fr/portail/secteurs/luxe/chartevdef.pdf |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Germany | law | “The Law to combat late payment in business transactions and to amend the Renewable Energy Sources Act enacts the EU Late Payment Directive (see European Union for details).<br>In addition German law has stricter maximum terms. Although article 271 of the Commercial Code sets a maximum commercial term of 60 days, unless otherwise agreed by both parties and not grossly unfair, article 308 prohibits terms of longer than 30 days in standard terms and conditions. Additionally Article 271 of the German Civil Code states that if no term is agreed the payment is immediately due on receipt of the invoice.” | http://www.bgbl.de/xaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl114s1218.pdf |

| Country | Type | Summary | Link |
|---|---|---|---|
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Greece | law | Law No. 4152 on Urgent Measures for the Implementation of Laws 4046/2012 , 4093/2012 and 4127/2013, paragraph G, enacts the EU Late Payment Directive (see European Union for details). | https://www.e-forosimv.gr/details.asp?ID=18043 |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Guatemala | law | Guatemala State Contracting Law sets out the percentage of prepayments for construction, goods and services for public entities and sets a maximum payment term of 30 days. | https://www.contraloria.gob.gt/imagenes/i_docs/i_leg_ley/6%20LEY%20DE%20CONTRATACIONES%20DEL%20ESTADO%20DECRETO%20DEL%20CONGRESO%2057-92.pdf |
| Hungary | law | The Hungarian Civil Code enacts the EU Late Payment Directive, specifically Section 6:130 (see European Union for details). In addition this code strictly limits commercial terms at 60 days. | http://njt.hu/cgi_bin/njt_doc.cgi?docid=159096.239298 |
| | law | Law XCV of 2009 on the prohibition of unfair distribution practices by suppliers in relation to agricultural and food products sets a maximum payment term of 30 days from the actual delivery of the food or 15 days from receipt of the invoice. | http://www.njt.hu/cgi_bin/njt_doc.cgi?docid=125641.255929 |
| | code | “The Code of Ethics for Construction Entrepreneurs applies to construction entrepreneurs registered with the Hungarian Chamber of Commerce and Industry (MKIK) and prohibits the misuse of a dominant position by a primary contractor as well as unfair or unilateral payment terms.“ | https://mkik.hu/az-mkik-etikai-kodexe |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Iceland | law | As a member of the European Economic Area, Iceland has enacted the EU Late Payment Directive in law No. 8/2015 - Act on late payment in commercial transactions. (See European Union for details) | https://www.althingi.is/lagas/149c/2015008.html |

| Country | Type | Summary | Link |
|---|---|---|---|
| India | law | “The Micro, Small and Medium Enterprises Development (MSMED) Act 2006 limits payment terms to SMEs to 45 days. “ | https://msme.gov.in/faqs/q33-what-are-guidelines-delayed-payment-dues-mse-borrowers |
| | note | The Indian governmentâ€™s e-marketplace for government procurement currently requires payment of suppliers within 10 days. The government is also currently debating the introduction of 30 days terms for all other government procurement. | “https://www.india.gov.in/spotlight/government-e-marketplace-procurement-made-smart#tab=tab-5 |
| Indonesia | law | Regulation 53 12/2008 on Traditional Market Organization and development guidelines, shopping centre and modern store, requires retailers to pay business suppliers and SMEs in cash for goods up to ten million rupiah and within 15 days for all other goods. | http://sipo.kemendag.go.id/upload/syarat/70fdbe65ee6b7c6d8f77f1901cc1284a.pdf |
| Ireland | law | The European Communities (Late Payment in Commercial Transactions) Regulations 2012 enacts the EU Late Payment Directive (see European Union for details). Additionally, in practice government entities target payment within 15 days rather than 30. | https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Late-Payments/ |
| | law | The Construction Contracts Act 2013 applies to contracts awarded after 25 July 2016. Main contractors are able to negotiate terms with clients however terms to subcontractors are limited to 30 days, or 15 days for work lasting less than 45 days. | http://www.irishstatutebook.ie/eli/2013/act/34/enacted/en/html |
| | code | The Prompt Payment Code & Prompt Payment Portal launched in March 2015 with the aim of promoting best practice in prompt payment in line with agreed terms or a 30 day maximum. | https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Prompt-Payment-Code/ |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |

| Country | Type | Summary | Link |
|---|---|---|---|
| Israel | law | The Law on the Delivery of Payments to Suppliers, 5777-2017, sets maximum payment terms for suppliers of government institutions at 30 days from the end of the month or 45 days from the invoice. Exceptional terms apply for local authorities and the maximum terms for construction contracts are 85 day from invoice. | https://he.wikisource.org/wiki/%D7%97%D7%95%D7%A7_%D7%9E%D7%95%D7%A1%D7%A8_%D7%AA%D7%A9%D7%9C%D7%95%D7%9E%D7%99%D7%9D_%D7%9C%D7%A1%D7%A4%D7%A7%D7%99%D7%9D |
| Italy | law | Legislative Decree 9 November 2012, n. 192, enacts the EU Late Payment Directive (see European Union for details). | https://www.gazzettaufficiale.it/eli/id/2012/11/15/012G0215/sg |
| | law | Article 62 of Law Decree 1/2012 sets maximum payment terms for agricultural and food products of 30 days from delivery for perishable goods and 60 days from delivery for non-perishable goods. | https://www.gazzettaufficiale.it/eli/id/2012/03/24/12A03524/sg |
| | code | The Italian Responsible Payments Code promoted respect for agreed payment times with suppliers and more generally to spread a culture of timely payment. It ceased to function as of 15 September 2019. | https://www.cti-communication.it/codice-italiano-pagamenti-responsabili/ |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Japan | law | The Subcontract/Shitauke Act is aimed at payments from larger companies to smaller â€˜subcontractorsâ€™, with a maximum term of 60 days. Company size thresholds and payment criteria vary across industries. | https://www.jftc.go.jp/en/legislation_gls/subcontract.html |
| | law | Prevention of Delay in Payment under Government Contracts (Act No. 256 of 1949) sets a maximum term of 40 days for government construction projects and 10 days for other services to public entities. | https://elaws.e-gov.go.jp/search/elawsSearch/elaws_search/lsg0500/detail?lawId=324AC1000000256 |
| Kazakhstan | law | The Law on Public Procurement Chapter 8, Article 43, point 20, sets a maximum payment term of 30 days for government procurement. | http://adilet.zan.kz/kaz/docs/Z1500000434 |
| Kenya | law | The Prompt Payment Bill 2020 sets a maximum payment term of 90 days for government procurement where there is no contract. | http://kenyalaw.org/kl/fileadmin/pdfdownloads/bills/2020/PromptPaymentBill_2020..pdf |

| Country | Type | Summary | Link |
|---|---|---|---|
| | code | The Kenya Association of Manufacturers, Association of Kenya Suppliers (AKS) and Retail Trade Association of Kenya (RETRAK) signed the Retail Trade Code of Practice to guide Prompt Payment in the Retail Sector, following the recommendation of the State Department for Trade. | http://kam.co.ke/manufacturers-retailers-and-suppliers-sign-code-of-practice-to-guide-prompt-payment-in-the-retail-sector/ |
| | note | The State Department for Trade has recommended future regulation limiting terms to 7 days for fresh food and 30 to 45 days for other suppliers. | http://www.trade.go.ke/sites/default/files/Study%20on%20Kenya%20Retail%20Trade%20Sector%20Prompt%20Payment,%20June%202017_0.pdf |
| Korea, South | law | The Ministry of Strategy and Finance General Conditions of a Construction Contract with state entities requires construction subcontractors to submit invoices every 30 days with payment within 5 days of compliance sign-off. | https://goodcivil.tistory.com/6 |
| Latvia | law | Section IV of Chapter Two of Chapter Three of Part Four of the Civil Law - Delay in Contracts for Supply, Purchase of Goods or Provision of Services - enacts the EU Late Payment Directive (see European Union for details). | https://likumi.lv/ta/id/225418-civillikums |
| | law | The Unfair Retail Trade Practices Prohibition Law sets a maximum payment term for the supply of fresh vegetables and fruit at 20 days, on the condition that these goods are supplied to the same retailer more than three times in one calendar week. If a retailer violates this provision, a fine of up to 0.2% of the net turnover is applied. | https://likumi.lv/ta/id/274415-negodigas-mazumtirdzniecibas-prakses-aizlieguma-likums |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Lesotho | law | As advised by the Ministry of Trade and Industry the law in Lesotho sets a maximum payment term of 60 days depending on the agreement between the supplier and the buyer. | |

| Country | Type | Summary | Link |
|---|---|---|---|
| Lithuania | law | Law on the Prevention of Late Payment in Commercial Transactions enacts the EU Late Payment Directive (see European Union for details). Additionally any terms beyond 60 days which are â€˜unfairâ€™ as opposed to â€˜grossly unfairâ€™ are not acceptable. | https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.435609 |
| Lithuania | law | The Law on Settlement for Agricultural Products sets out maximum payment terms for agricultural products including 100% within 30 days, 50% within 30 days and the remaining 50% within 60 days or 100% within 60 days. Longer terms are possible where agreed by both parties, justifiable based on the contract type and not unfair. | https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.90869/asr |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Luxembourg | law | Law of 29 March 2013 on the fight against late payment in commercial transactions enacts the EU Late Payment Directive (see European Union for details). | http://legilux.public.lu/eli/etat/leg/loi/2013/03/29/n5/jo |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Malaysia | note | Treasury policy â€˜Arahan Perbendaharaanâ€™ 103 of the Malaysian government requires all public entities to pay bills promptly within 14 days of invoice. | https://www1.treasury.gov.my/pdf/penerbitan/arahan_perbendaharaan.pdf |
| Malta | law | The Commercial Code (Amendment) Order 2014, and previously 2012, enacts the EU Late Payment Directive (see European Union for details). | http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lp&itemid=25881&l=1 |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |

| Country | Type | Summary | Link |
| --- | --- | --- | --- |
| Mexico | note | The Association of Entrepreneurs of Mexico has launched a platform encouraging larger firms to pay smaller suppliers within 30 days in response to the 2020 Covid pandemic. The association has also proposed a bill to the government which would require all private and public entities to pay suppliers in 30 days unless expressly agreed otherwise. | https://asem.mx/noticias/detalle/159/asem-lanza-plataforma-para-promover-pago-a-proveedores-en-maximo-30-dias |
| Morocco | law | “Article 78 of the Moroccon Commercial Code sets a maximum payment term of 90 days for public and private contracts and a default term of 60 days where none is included in the contract. “ | http://adala.justice.gov.ma/production/legislation/fr/Nouveautes/code%20de%20commerce.pdf |
| Netherlands | law | “Law of 13 December 2012 amending Book 6 of the Civil Code, specifically article 119a, enacts the EU Late Payment Directive (see European Union for details). Additionally, larger companies cannot apply a term of more than 60 days to small suppliers strictly. Any such term is annulled and 30 days automatically applied.“ | https://wetten.overheid.nl/BWBR0005289/2020-07-01 |
| Netherlands | note | An amendment to the late payment law is being drafted which will change the strict maximum term for SMEs to 30 days. | https://www.rijksoverheid.nl/actueel/nieuws/2020/06/08/wetsvoorstel-betaaltermijn-van-grootbedrijf-aan-mkb-van-60-naar-30-dagen |
| | code | Betaalme is a not-for-profit initiative that aims to support SME access to reasonably-priced liquidity and promote payment terms to SMEs of 30 days. | https://www.betaalme.nu/ |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| New Zealand | note | The New Zealand government is currently considering a discussion paper on improving business to business payment practices that proposes a maximum term of 20 days. | https://www.mbie.govt.nz/have-your-say/improving-payment-practices |
| | note | Although no law exists the New Zealand government has set itself a target of paying all supplier within 10 days. | https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/awarding-the-contract/prompt-payment/ |

| Country | Type | Summary | Link |
|---|---|---|---|
| Norway | law | The Late Payment Interest Act sets a maximum commercial term of 60 days and a default term of 30 days where no term is stated in the contract. For public authorities the maximum term for suppliers is 30 days. | https://lovdata.no/dokument/NL/lov/1976-12-17-100 |
| Peru | note | "Peru is currently debating a bill which proposes to limit payment terms to 30 days, with a one year transitional period with a maximum term of 60 days." | https://peru21.pe/economia/congreso-debatira-ley-facturas-paguen-30-dias-478119-noticia/ |
| Poland | law | The Act on Counteracting Excessive Delays in Commercial Transactions enacts the EU Late Payment Directive (see European Union for details). Additionally for payments from large companies to micro, small or medium sized companies a strict maximum term of 60 days applies and the creditor is due interest after 30 days. | https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20130000403 |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Portugal | law | "Decree-Law 62 of 2013 on measures against delays in the payment of commercial transactions enacts the EU Late Payment Directive (see European Union for details)." | https://dre.pt/pesquisa/-/search/261160/details/maximized |
| | law | "Decree-Law 118 of 2010, amended by Decree-Law 2 of 2013, applies to food products intended for human consumption provided by micro and small companies. Payment periods cannot exceed 30 days following the date of receipt of the invoice or after the delivery of the goods." | https://dre.pt/pesquisa/-/search/588794/details/maximized |
| Portugal | code | "The Code of Good Business Practice for the Agri-Food Supply Chain by The Portuguese Association of Distribution Companies promotes cooperation and transparency." | http://www.boaspraticas.pt/ |
| | code | "The Prompt Payment Commitment is a national code where large company leaders commit to pay suppliers on the agreed date and reduce late payments." | https://www.ver.pt/acege-renova-compromisso-pagamento-pontual/ |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |

| Country | Type | Summary | Link |
|---|---|---|---|
| Romania | law | Law 72 of 28 March 2013, on measures to combat delays in the execution of obligations to pay sums of money resulting from contracts concluded between professionals and between them and contracting authorities enacts the EU Late Payment Directive (see European Union for details). | http://legislatie.just.ro/Public/DetaliiDocument/146555 |
| | law | Law 321 of 15 October 2009 on food marketing sets a maximum payment term of 30 days for food products, or 7 days in the case of fresh food products. | http://legislatie.just.ro/Public/DetaliiDocument/112411 |
| | law | “Several orders and decisions in the utilities service sector set out maximum payment terms of 10 or 15 days to suppliers in the sector depending on the nature of the contract. Orders no 483/2008 and 112/2007 of the National Authority for Regulation of Public Community Utility Services, order 90/2015 of Romanian Energy Regulatory Authority and decisions no 480/2004 and 183/2005 of the President of the Romanian Natural Gas Regulatory Authority. “ | |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Russia | law | Article 314 of the Civil Code of the Russian Federation requires payment within 7 days of a request where no term exists in contract. | https://gkrfkod.ru/statja-314/ |
| Russia | law | Federal Law 381-FZ, part 7 of article 9 requires retailers to pay for food products with expiration of less than 10 days within 8 working days. Products with a shelf life of 10 to 30 days inclusive are payable no later than 25 days. For food with a shelf life of more than 30 days and alcoholic beverages, the deadline for payment is 40 days. | https://normativ.kontur.ru/document?moduleId=1&documentId=322887 |
| | law | Federal Law 44-FZ On the contract system in the field of procurement of goods, works, services to meet state and municipal needs article 30, part 8 and 34 part 13.1 require government institutions to pay SMEs within 15 days and other suppliers within 30 days. | https://fssp.gov.ru/2315090/ |

| Country | Type | Summary | Link |
| --- | --- | --- | --- |
| Serbia | law | The Law on Deadlines for Settlement of Monetary Obligations in Commercial Transactions sets a maximum supplier terms for public entities at 45 days and private entities at 60 days. There are exceptions and longer terms may be agreed by both parties if covered by a bank guarantee or bill of exchange. | https://www.trezor.gov.rs/files/documents/regulations/zakoni/05%20Zakon%20o%20rokovima%20izmirenja%20nov%C4%8Danih%20obaveza%20u%20komercijalnim%20transakcijama.pdf |
| Singapore | law | The Building And Construction Industry Security Of Payment Act makes â€˜pay when paidâ€™ clauses unenforceable and sets maximum terms for progress payments for construction contracts of 35 days from invoice with a default of 14 days. For a supply contract the maximum term is 60 days with a default of 30 days when no term is specified in the contract. | https://sso.agc.gov.sg/Act/BCISPA2004 |
| Slovakia | law | Act 513/199 amended the Commercial Code, articles 340a and 340b, to enact the EU Late Payment Directive (see European Union for details). | https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2013/9/20130201 |
| | law | Act no. 91/2019 on Unfair Conditions in the Food Trade and on Amendments to Certain Acts replaces the previous Act no. 362/2012 and restricts payment terms for the purchase of food products to 20 days following the date of receipt of the invoice or 30 days after the delivery. For selected foods these limits are 10 days from invoice and 15 days from delivery. | https://www.zakonypreludi.sk/zz/2019-91 |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Slovenia | law | The Law on the Prevention of Late Payments enacts the EU Late Payment Directive (see European Union for details). In addition companies are unable to claim VAT for unpaid overdue invoices. | http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO6412 |
| Slovenia | law | The Agricultural Act of 2008 sets strict maximum payment terms for perishable food products at 45 days and other food products at 90 days. | http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4716 |

| Country | Type | Summary | Link |
|---|---|---|---|
| | code | The Declaration of Encouragement to Increase Payment Discipline in the Country is a code established by the Slovenian Chamber of Commerce. | https://www.gzs.si/zbornica_racunovodskih_servisov/Novice/ArticleId/47841/www.facebook.com/ZRSsi |
| | code | Code of Good Business Practices Among Stakeholders in the Agri-Food Chain is promoted by the Chamber of Agricultural and Food Processing Companies. | https://www.gzs.si/zbornica_kmetijskih_in_zivilskih_podjetij/Novice/ArticleId/43784/arhiv--kodeks-dobrih-poslovnih-praks-med-delezniki-v-agrozivilski-verigi |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| South Africa | law | Treasury Regulation 8.2.3 requires the government to pay suppliers within 30 days. | https://oag.treasury.gov.za/Publications/10.%20Instruction%20Notes/For%20fin%20year%202011-12/20111130%20Instruction%20Note%2034%20-%20Effecting%20payments%20within%2030%20days%20from%20receipt%20of%20an%20invoice%20(TR8.3.2).pdf |
| | note | The Construction Industry Development Board Act limits â€˜pay when paidâ€™ clauses and provides for adjudication and resolution time limits but does not specify a maximum term. | https://www.gov.za/documents/construction-industry-development-board-act |
| | code | “Run by the National Small Business Chamber of South Africa the Prompt Payment Code champions the importance of big business and government paying small suppliers within 30 days.“ | https://www.nsbc.africa/prompt_payment_code |
| Spain | law | Act 15/2010 on measures to combat late payments in commercial transactions enacts the EU Late Payments Directive (see European Union for details). Additionally a strict maximum term of 60 days applies. | https://www.boe.es/buscar/act.php?id=BOE-A-2010-10708 |
| | law | Law 7/1996 on the Regulation of Retail Trade sets a maximum term of 30 days for fresh and perishable food products and 60 days for other goods, except where the parties have explicitly agreed otherwise. If longer terms are agreed the supplier must be financially compensated for the extension, and under no circumstances may the payment be deferred for more than 90 days. | https://www.boe.es/buscar/act.php?id=BOE-A-1996-1072 |

| Country | Type | Summary | Link |
|---|---|---|---|
| Spain | code | The SME Confederation (CEPYME) promotes The Code for Good Practices to Avoid Late Payments. | https://www.cepyme.es/areas-de-trabajo/economia-e-innovacion/estrategia-cepyme-contra-la-morosidad/propuestas-empresariales-para-combatir-la-morosidad/ |
| | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Sweden | law | The Interest Rate Law SFS 1975:635 and Act on Contract Terms Between Traders SFS 1984:292 enacts the EU Late Payment Directive (See European Union for details). Additionally Sweden has a stricter maximum term of 30 days unless expressly agreed by both parties and not unfair. | https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/rantelag-1975635_sfs-1975-635 |
| | code | “The Association for Efficient Business Transactions promotes a code of conduct for fair payment of smaller companies within 30 days.“ | https://www.betaltider.se/koden/ |
| Sweden | note | See European Union for the Directive on Unfair Trading Practices in the Food Supply Chain which was adpoted on 30 April 2019. | |
| Switzerland | note | While no maximum term is specified, Article 75C of part 5 of the Swiss Code of Obligations requires immediate payment on request where no term is specified in contract. | https://www.admin.ch/opc/en/classified-compilation/19110009/index.html#a104 |
| Turkey | law | Article 1530 of Turkish Commercial Code 6103, Results of Late Payments in Processes Prohibited by Commercial Provisions and Supply of Goods and Services, sets a 30 day default term where no term is specified in contract. The maximum commercial contract term is 60 days unless otherwise agreed and not a severe injustice. For payments to SMEs, agriculture or animal producers the maximum term is strictly 60 days. | http://www.ticaretkanunu.net/ttk-madde-1530/ |
| | law | Article 7 of the Law on the Regulation of Retail trade sets a maximum payment term of 30 days for good which can spoil within 30 days. | https://mevzuat.gov.tr/MevzuatMetin/1.5.6585.pdf |

| Country | Type | Summary | Link |
|---|---|---|---|
| United Kingdom | law | The Late Payment of Commercial Debts (Interest) Act 1998, Section 4, was amended in 2013 to enact a maximum term of 30 days for public authority payments and 60 days for commercial terms, unless expressly agreed by both parties and not grossly unfair. Where no terms are specified in the contract the term is 30 days. Compensation for recovery costs is also provided. | https://www.legislation.gov.uk/ukpga/1998/20/section/4 |
| United Kingdom | law | Section 110 of the Housing Grants, Construction and Regeneration Act 1996 applies the â€˜Scheme for Construction Contractsâ€™ where a construction contract fails to provide a payment term. The scheme terms are 7, 17 and 30 days depending on the type of payment. | https://www.legislation.gov.uk/ukpga/1996/53/section/110 |
| | code | The Prompt Payment Code promotes timely payment of suppliers with a maximum of 60 day terms, working towards 30 day terms. | http://www.promptpaymentcode.org.uk/ |
| | code | The Construction Supply Chain Payment Charter promotes a 30 day term standard by 2025. | http://www.promptpaymentcode.org.uk/cscpc.htm |
| | code | The Network Rail Fair Payment Charter by the Commercial Directors Forum for the rail industry commits to terms between 21 and 28 days. | https://www.networkrailmediacentre.co.uk/resources/network-rail-fair-payment-charter |
| United States | code | In 2014 the US Government launched the SupplierPay Initiative with 26 large companies, pledging to pay smaller suppliers earlier and provide more affordable working capital financing. | https://obamawhitehouse.archives.gov/the-press-office/2014/11/17/fact-sheet-president-obama-s-supplierpay-initiative-expands-21-additiona |

| Country | Type | Summary | Link |
|---|---|---|---|
| United States | law | "The Prompt Payment Act is federal law governing payment terms from government agencies. In general terms from the government are limited to 30 days, with 7 days for meat and poultry, 10 days for dairy and perishables, and 15 days for 'ast pay' terms aimed at SMEs.<br><br>The act also covers government construction projects requiring payment to the prime contractor within 14 days and further payments to the sub-contractors by 7 days after this payment.<br><br>All but 15 US states have also enacted laws covering prompt payment in private construction projects." | https://uscode.house.gov/view.xhtml?path=/prelim@title31/subtitle3/chapter39&edition=prelim |
| | law | United States Department of Agriculture - â€˜Packers and stockyards act 1921â€™ requires livestock sold on a grade-and-yield basis to be paid by the end of the next business day after the final purchase price is determined. Live poultry obtained under a poultry growing arrangement must be paid for by the close of the 15th day following the week in which the poultry is slaughtered. | https://www.gipsa.usda.gov/psp/payment.aspx |
| | law | Californian Food and Agricultural Code 56302 states that if no payment period is agreed in contract between a dealer and the producer of a farm product the due date is 30 days from delivery. | https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=FAC&division=20.&title=&part=&chapter=7.&article=8. |
| | law | Florida General Agricultural Laws 604.3 require non-stored grain to be paid for within 6 months of the date of the contract or delivery. | https://www.flsenate.gov/Laws/Statutes/2018/0604.34 |
| | law | Idaho Commodity Dealer Law requires a commodity dealer to pay for agricultural commodities upon delivery or demand by the owner or agent, but not later than 30 days after delivery, unless otherwise agreed to by the parties in writing. | https://legislature.idaho.gov/statutesrules/idstat/Title69/T69CH5/SECT69-510/ |

| Country | Type | Summary | Link |
|---|---|---|---|
| | law | Iowa State Code 203.8 requires grain dealers to pay within 30 days of delivery unless a credit-sale contract, with a maximum of 12 months, is used. | https://www.legis.iowa.gov/docs/iacode/2003/203/8.html |
| | law | Louisiana State Legislature Title 3, 3414:1-4 requires grain dealers for spot price contracts as well as purchases of rice and cotton to be paid within 10 days of delivery. | https://www.legis.la.gov/legis/Law.aspx?d=86302 |
| | law | Minnesota Statute 223.17 subdivision 5 requires payment for grain purchases by close of business on the day following sales or within 48 hours of the sale, whichever is later. | https://www.revisor.mn.gov/statutes/cite/223.17 |
| United States | law | Missouri State law 276.461 requires grain dealers to make payment on delivery unless a written purchase contract or deferred payment contract is used. | https://revisor.mo.gov/main/OneSection.aspx?section=276.461&bid=14808&hl= |
| | law | Montana State code 80-4-608 requires grain dealers to pay 90% on delivery with the remaining 10% no later than 30 days from delivery. | https://law.justia.com/codes/montana/2019/title-80/chapter-4/part-6/section-80-4-608/ |
| | law | Oregon State Law 576.705 requires agricultural commodities including seeds, animals, sugar beet and fish or seafood to be paid within 30 days of delivery. | https://www.oregonlaws.org/ors/576.705 |
| | law | Washington State Legislature 22-09-620 requires all agricultural commodities to be paid within 30 days of delivery unless otherwise specified in contract. | https://app.leg.wa.gov/RCW/default.aspx?cite=22.09.620 |
| | law | Nebraska State Statute 75-905 requires grain to be paid within 30 days of delivery. | https://law.justia.com/codes/nebraska/2012/chapter-75/statute-75-905/ |
| | law | “The Federal Milk Marketing Order sets out payment timelines for milk associations and producers across areas of the United States. In general partial payments to dairy producers are on the 26th or 27th of the month with final payment by the 15th of the month following.“ | https://www.ecfr.gov/cgi-bin/text-idx?SID=7b93b3a582d5bfa790270c8639e838c5&tpl=/ecfrbrowse/Title07/7chapterX.tpl |

| Country | Type | Summary | Link |
|---|---|---|---|
| | law | California is not covered by federal milk law and the Californian Federal Milk Marketing Order has a schedule of payments through cooperatives to producers with partial payments by the last day of the month and the final payment by the 19th of the month following delivery. | https://www.cafmmo.com/order/reporting-and-payment-dates/ |
| Uzbekistan | note | The government of Uzbekistan is currently drafting new laws to deal with the imbalance of commercial relationships in the retails sector, including the issue of late payments. | https://www.minjust.uz/uz/press-center/news/98099/ |
| Vietnam | law | Government Decree No. 37/2015, Detailed Provisions on Construction Contracts, sets a maximum payment term for the construction sector of 14 working days from the date the principal receives a complete and valid payment dossier. | https://thuvienphapluat.vn/van-ban/Xay-dung-Do-thi/Nghi-dinh-37-2015-ND-CP-hop-dong-xay-dung-272352.aspx |

SAP Taulia