

## Interest rates for commercial transactions for the 2nd semester 2017

Late payments of your invoice can have important consequences for your company. The applicable interest for late payment in commercial transactions amounts to 8% for the period from 1 July 2017 until 31 December 2017. Nothing changes compared to the first semester of 2017.

### Which interest rate to use?

The late payment scheme for commercial transactions applies to payments relating to contracts closed, renewed or prolonged after 15 March 2013, and to all agreements entered into before 16 March, but which still had affect after 15 March 2015.

Every six months the minister of Finance establishes the late payment interest rate for commercial transactions. The interest rate did not change over a long period. It amounted to 8,5% as from 1 July 2013 until 30 June 2016. Since 1 July 2016 it was reduced to 8%.

### What are commercial transactions?

Commercial transactions are transactions between companies for consideration (professionals, independents or not for profit companies) or between companies and governmental bodies whereby the latter is the debtor and 'small engagements' are concerned (small = maximum 8.500€ or 17.000€ in the water, post, energy or transport sector). Additionally, the transaction must lead to the supply of goods, supply of services or the design and execution of public works or building and civil works.

Transactions between companies and private individuals and non-commercial transactions such as granting subsidies, prices or damages do not fall within the scope of the law of 2 August 2002 combatting payment delays in commercial transactions.

Also in case the debtor can prove that the payment delay is not his fault, this law does not apply.

### Which payment term to apply?

In case no payment period is agreed in the contract (contractual payment term), invoices should be paid within **30 days** (legal payment term). The term starts:

- Upon receipt of the invoice.
- Upon receipt of the goods or services or execution of the works.
- Upon acceptance of verification, and at the latest on expiration of the verification period.

After 30 days late payment interest becomes due without any proof of default or official letter.

Companies can agree on longer payment terms in their contracts. A term of **60 calendar days** is a custom in a number of sectors and is acceptable (meaning fair).

Governmental bodies, such as local authorities, provinces, welfare institutions, departments or agencies, should however apply the legal payment term of 30 days. Public bodies can only agree on longer payment terms 'when this is objectively justified due to the special nature or certain elements of the agreement'. Also in this case, the payment period cannot exceed 60 calendar days.

When parties make instalment payments, late payment interest is only calculated on the amounts which were paid too late.

### Also claim costs in case of late payment?

On top of the late payment interest in case of late payment, also a lump sum for claim costs of 40€ is due. If the creditor can establish that his claim costs were higher, the lump sum can be increased.

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