

IMCO compromise amendments: unclear provisions hamper fair payment of SMEs

Brussels, 19/03/2024 – While IMCO's proposal for compromise amendments on a Regulation to Combat Late Payment made some good suggestions, SMEUnited members fear these are not sufficient to ensure fairness in commercial transactions.

The main demand SMEUnited put forward on the revision of the current Directive is to tackle the unclear provision 'grossly unfair'. Given the EPP alternative compromise amendments maintain this notion, the organisation does not support this proposal.

SMEUnited called to limit the standard payment term in B2B to 30 days to ensure fair payment terms and working capital for SMEs. This cap can be negotiable up to a maximum of 60 days, including the verification procedure and take into account sectorial derogations. The IMCO compromise introduces payment terms negotiable up to 60 days, with unclear provisions on an additional verification procedure of 30 days. This would open the door for payment terms of 90 days, which would worsen the situation in several countries, and does not protect European SMEs against abuse of market power.

Enforcement remains key in changing payment behaviour in the EU. To alleviate the hurdles and the fear factor SMEs face when going to court, public authorities, set up based on national situations, can contribute to tackle late payment.

SMEUnited recalls payments to sub-contractors depend on the original payment from the authorities. Public authorities and main contractors are liable to ensure payment passes down the supply chain to reach sub-contractors in a reasonable time.

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EDITORS' NOTES: SMEUnited is the association of Crafts and SMEs in Europe with 65 member organisations from over 30 European countries. SMEUnited represents national cross-sectoral Craft and SME federations, European SME branch organisations and associate members. SMEUnited is a recognised employers' organisation and European Social Partner. SMEUnited was formerly known as UEAPME.

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