



# MACM

MALTA ASSOCIATION OF CREDIT MANAGEMENT

## Malta Association of Credit Management

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## Press Release

*Monday, 6<sup>th</sup> January 2025*

### Interest Rate for Late Payments in Commercial Transactions

**The Malta Association of Credit Management (MACM)** informs the Maltese business community that the applicable legal interest rate in the event of late payment in commercial transactions in force on **1<sup>st</sup> January 2025 is 11.15%**

As from the 13th of August 2012 the Directive 2011/7/EU of the European Parliament and of the Council of 16th February 2011 on combating late payment in commercial transactions has been transposed in Maltese law (Commercial Code) by means of LN272 of 2012.

This piece of legislation is currently being revised, with suggested major changes, by the European Commission and it is proposed to come into force as a Regulation rather than a Directive.

By the Legal Notice LN272 of 2012, local Suppliers of goods and services (Creditors) should note that:

1. Suppliers of goods and services (Trade Creditors) have the right to charge interest on late payment equivalent to **8% plus the ECB reference rate (3.15%)** from the day following the date or the end of term for payment agreed in the contract of sale.

When the payment terms are not specified in the contract of sale, the supplier of goods and services (Creditor) is entitled to interest on late payment following thirty calendar days from the date of receipt of goods or services, or thirty days from the date of invoice.

2. The period for payment agreed by the parties in the contract of sale may not exceed 60 calendar days. However, the parties may expressly agree for a longer period as long as the extension of time is **not grossly unfair to the supplier of goods and services (Trade Creditor)**.
3. The Supplier of goods and services (Trade Creditor) may proceed with the claim for late payment against the client (debtor) without reminding the client (debtor) that the amount is due.
4. In the case of transactions between undertakings and public authorities, the period for payment shall be thirty calendar days if not expressly agreed in the contract and may not exceed sixty calendar days if fixed in the contract.

However, in case the client (debtor) is a public authority which carries out economic activities of an industrial or commercial nature and if the public authority provides health care, and the payment period is not expressly fixed in the contract, the payment period shall not exceed sixty calendar days.

5. Agreement between the Supplier of goods and services (Trade Creditor) and client (debtor) to extend the date of receipt of invoice is null and void.
6. In addition to the interest charges on late payment, the Supplier of goods and services (Trade Creditor) is entitled to reasonable compensation for the Supplier's own recovery costs at a minimum of €40.
7. When the contract of sale provides for the retention of title between the seller and the buyer, the seller is entitled to retain title over the goods until the price has been paid in full by the buyer.

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**MACM is a not-for-profit organisation, providing a central national organisation for the promotion and protection of all credit interest pertaining to Maltese businesses.**

**It represents the credit profession across all economic sectors and is a centre of expertise for all matters relating to credit management in Malta.**

**MACM offers a range of services to local creditors, including, credit management information systems, credit management education, training, conferences, seminars, and lobbying activities. It is the CICM (UK)-accredited training centre for Malta.**

**KYC, Due Diligence and International Credit Rating Reports can be requested from MACM**

**MACM is a Member of the Federation of European Credit Management Associations (FECMA)**

**For more information, visit [www.macm.org.mt](http://www.macm.org.mt), e-mail [info@macm.org.mt](mailto:info@macm.org.mt) or call 2142 3638**