

City of Dublin ETB

Late Payment Interest and Compensation Policy

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Late Payment Interest and Compensation

1 Introduction

City of Dublin ETB is committed to making every effort to pay suppliers promptly. In doing so, we comply with the law in relation to late payments as set out in the Prompt Payment of Accounts Act, 1997 as amended by Statutory Instrument 580 of 2012 (“the S.I.”), which took effect on 16 March 2013 and transposes EU Directive 2011/7/EU on Combating Late Payment in Commercial Transactions.

2 Purpose

The purpose of this document is to summarise the statutory requirements relating to late payment interest (LPI) and compensation and to set out the City of Dublin ETB process for dealing with late payments and the payment of interest and compensation due.

3 Legislative Requirements

The legislation provides an automatic right to interest and compensation if payment for commercial transactions is late.

3.1 Interest

It requires that, if the date or period for payment is not fixed in the contract, the creditor is entitled to interest for late payment upon the expiry of any of the following time-limits:

- 30 calendar days following the date of receipt of the invoice or an equivalent request for payment.
- If the date of the receipt of the invoice or the equivalent request for payment is uncertain, 30 calendar days after the date of receipt of the goods or services.

Payment of interest cannot be waived by the supplier and must be included with the amount payable for the goods or services without the supplier demanding its payment.

3.2 Compensation

In addition to receiving interest on late payment, the supplier is also entitled to automatic compensation (without the need to issue a reminder). The schedule to the S.I. provides for the amount of compensation payable under Regulation 9 of the S.I. as follows:

<u>Invoice Amount</u>	<u>Compensation</u>
Up to €1,000	€40
Between €1,000 and €10,000	€70
Over €10,000	€100

3.3 Applicable Late Payment Interest Rate:

Unless otherwise specified in an agreed contract, the S.I. provides that the interest rate will be the European Central Bank main refinancing rate (as at 1 January and 1 July in each year) plus 8 percentage points. The ECB rate in force on 1 January and 1 July apply for the following six months in each year. The interest rate is updated by ESBS in line with European Central Bank Rate.

4 City of Dublin ETB Processing of Late Payment Interest and Compensation Payments

4.1 Payments Exempt from LPI

The following payments are exempt from LPI as they do not constitute commercial transactions:

- Payments to Staff
- Payments for Travel and / or Subsistence; and
- Payments of Grants.

4.2 Charging Interest and Compensation on Late Payment:

LPI is applied to invoices that are unpaid 30 days after either:

- Receipt of goods or services, where this is later than the invoice;
- Date of receipt of the invoice; or
- Date from when issues/disputes are resolved.

Whichever of the above is the later, triggers the payment requirement.

Interest is automatically calculated in respect of the period starting on the date after the due date and ending on the date when payment is made. Interest is calculated at a daily rate.

Compensation is automatically calculated by the system based on the invoice amount and included with the payment and interest payment.

Payment of interest and compensation cannot be waived by the supplier and must be included with the amount payable for the goods or services without demand for its payment being made by the supplier.

4.3 Invoice Queries

In the event of any queries or disputes relating to the invoice and/or defects in goods or services that prevent payment being made, City of Dublin ETB have ten working days to contact the supplier (by phone or email) to have the issue resolved and the invoice reissued. A note should be added on P2P, once an invoice has been inputted on P2P, to record the nature of the issue/query to the invoice and/or goods or service and to pause the calculation for LPI.

On acceptance by City of Dublin ETB of the corrected invoice, the supplier is entitled to interest for late payment after 30 calendar days following the date of receipt of the corrected goods or services, or date of receipt of the corrected invoice, as applicable.

4.4 Tax Clearance

The legislation does not oblige payment to be made to a supplier who has failed or refused to comply with a request to produce a tax clearance certificate and it expressly extends the statutory time limit for payment where there are delays in furnishing a tax clearance certificate.

5 15 Day Prompt Payment Requirement

Since 2011 all public bodies are required by government to reduce the payment period by public bodies to suppliers from 30 to 15 days. This requirement does not alter contractual relationships and does not change the legal position in relation to late payments - interest or compensation is only applied to payments which are made 30 days after the due date.

City of Dublin ETB makes every effort, consistent with proper financial procedures, to ensure that suppliers are being paid within this timeframe. Due to the tight timelines involved and, in order to ensure that this obligation can be met, it is important that every effort is made by P2P Users to ensure that purchase orders are raised promptly on the P2P system, receipt of goods and services are recorded promptly, and invoices received are sent to invoices@cdetb.ie immediately. Suppliers should send invoices directly to invoices@cdetb.ie where possible, as this will further reduce any processing delays.

City of Dublin ETB is required to publish details of performance relating to these requirements each quarter.