



**Mrs Margrethe Vestager**  
Executive Vice-President of the European  
Commission  
Rue de la Loi 200  
1049 Brussels  
Belgium

7 July 2023

Dear Executive Vice-President,

## Revision of the Late Payment Directive

Companies that are recipient and supplier of services from and for SMEs have a high interest in stable and lasting relationships with their suppliers and customers. In this regard, the proper implementation of the existing Late Payment Directive is key to ensure a fair business environment.

Even though the relevance of late payment issue differs among member states as well as sectors, the legal framework of the current directive has overall proven itself. Besides, certain member states went further than required by setting maximum payment terms in their national laws, which are more favourable to the creditor than the provisions of the directive.

While BusinessEurope supports the need for a shift towards a stronger culture in which prompt payment is the norm, the European Commission's plan to revise the directive should be taken extremely cautiously and thoroughly consider the broader EU legal framework such as the recently agreed CSRD<sup>1</sup>.

In any event, the **protection of the contractual freedom**, at least in B2B relations, and the flexibility deriving from it, is a key point of the current directive and must be preserved. While capping payment terms in B2B transactions could represent a viable option to increase creditors' cash flow, it should be considered only if the freedom of contract is maintained.

BusinessEurope supports the efforts to improve payment behaviour in Europe and to enforce the rights of SMEs. In this regard, an issue that deserves full attention are the payment terms and unfair contract terms in relation to the public sector, which represents a huge problem in some countries. Public authorities have a special responsibility in this regard.

Please find at the following [link](#) "BusinessEurope views on the revision of the Late Payment Directive", which are ready to discuss with you.

Yours sincerely,

Markus J. Beyrer

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<sup>1</sup> Implementation of the directive will require companies to disclose information about payment practices, especially with regard to late payment to SMEs.