

### **DCUSA Issues Form (DIF)**

This form should be used by parties to submit matters for consideration to DCUSA Standing Issues Group (SIG).

The completed form should be issued to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk)

<b>Document Control</b>	
Date Submitted	15/05/2015
Issue Title:	Amendment to Section 2A Clause 23.3 Interest
Issue Number*:	DIF 048
Meeting Ref*:	29 May 2015
Attachments:	N/A

*\*Assigned by DCUSA Secretariat*

<b>Originator details</b>	
Party Name	E.ON UK
Originator Name	Colin Dooley
Party Category	Supplier
Email Address	Colin.dooley@eonenergy.com
Telephone Number	02476181126

<b>Nature of Issue</b>
<p>23.3 The Payee shall be entitled, without prejudice to any other right or remedy, to receive interest on any payment not duly made pursuant to the terms of Clause 20.5, Clause 21.3, or Clause 22.3 calculated from day to day at a rate per annum equal to the Default Interest Rate from the day after the date on which payment was due up to and including the date of payment, together with any reasonable administration charge notified by the Payee to the Payor from time to time.</p> <p>This section does not seem to comply with the Late Payment of commercial debt act 1998 or 2002 <a href="http://www.legislation.gov.uk/ukpga/1998/20/section/5A">http://www.legislation.gov.uk/ukpga/1998/20/section/5A</a></p> <p>This section (23.3) refers to a 'reasonable administration charges' without any justification on how to calculate them. It does not seem to follow the Late payment act which has specific compensation charges of £40, £70, and £100 depending on the amount of the late paid invoice.</p> <p>The main issue is that although DNOs seem to use the compensation amounts from the late payment act, they are calling the charges 'Administration charges' rather than compensation charges. Administration charges are VAT applicable whereas compensation charges are VAT exempt.</p>

The DCUSA guidelines and best practices do not follow the late payment act, which is law, and so therefor would appear to be incorrect which is causing the VAT issues. The phrase 'reasonable administration charge' is not specific and is open to interpretation.

### **Solution Overview – if known**

Solution description:	<p>The solution would be a simple amendment to the wording within section 23.3. The phrase 'reasonable administration charge' should be removed and a reference to the Late Payment of Commercial Debts (Interest) Act should be included.</p> <p>For example:</p> <p>together with any reasonable administration charge notified by the Payee to the Payor from time to time.</p> <p>To be replaced with:</p> <p>together with the relevant compensation charge in accordance with The Late Payment of Commercial Debts (Interest) Act.</p> <p>No year should be quoted to avoid future amendments to this document.</p>
Lead time for Implementation:	