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S T A T U T O R Y   I N S T R U M E N T S

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**2000 No. 2740 (C. 77)**

**CONTRACTS**

**The Late Payment of Commercial Debts (Interest)  
Act 1998 (Commencement No. 4) Order 2000**

*Made - - - - - 9th October 2000*

The Secretary of State, in exercise of the power conferred on him by section 17(2) of the Late Payment of Commercial Debts (Interest) Act 1998(a) and of all other powers enabling him in that behalf, hereby makes the following Order:—

**Citation**

**1.** This Order may be cited as the Late Payment of Commercial Debts (Interest) Act 1998 (Commencement No. 4) Order 2000.

**Interpretation**

**2.—(1)** In this Order—

- (a) “small business supplier” means a supplier, not being a United Kingdom public authority, whose business is a small business;
- (b) “small business purchaser” means a purchaser, not being a United Kingdom public authority, whose business is a small business;
- (c) “United Kingdom public authority” means an authority falling within Schedule 1 to the first commencement order, the Schedule to the second commencement order or the Schedule to the third commencement order;
- (d) “the first commencement order” means the Late Payment of Commercial Debts (Interest) Act 1998 (Commencement No. 1) Order 1998(b);
- (e) “the second commencement order” means the Late Payment of Commercial Debts (Interest) Act 1998 (Commencement No. 2) Order 1999(c);
- (f) “the third commencement order” means the Late Payment of Commercial Debts (Interest) Act 1998 (Commencement No. 3) Order 2000(d).

(2) For the purposes of this Order, a business is a small business if the number of full-time employees employed in the business is 50 or fewer when calculated in accordance with Schedule 2 to the first commencement order.

**Contracts in relation to which the Late Payment of Commercial Debts (Interest) Act 1998 comes into force on 1st November 2000**

**3.—(1)** The Late Payment of Commercial Debts (Interest) Act 1998 shall come into force on 1st November 2000 in relation to contracts for the supply of goods or services made on or after that date between a small business supplier and a small business purchaser.

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(a) 1998 c. 20.  
(b) S.I. 1998/2479.  
(c) S.I. 1999/1816.  
(d) S.I. 2000/2225.

(2) The question whether a contract falls within this description is to be determined by reference to the circumstances when the contract is made and, accordingly, is not affected by any subsequent change in those circumstances.

9th October 2000

*Patricia Hewitt,*  
Minister for Small Business and E-Commerce  
Department of Trade and Industry

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### EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order brings into force the Late Payment of Commercial Debts (Interest) Act 1998 for the purposes of the second phase, that is, in relation to commercial contracts for the supply of goods or services where the supplier is a small business and the purchaser is a small business (article 3). This is the fourth commencement order.

Article 2 provides for the definitions of “small business supplier” and “small business purchaser” and “United Kingdom public authority”. By Article 2(2), a small business is one which has 50 or fewer full-time employees when calculated in accordance with Schedule 2 to the Late Payment of Commercial Debts (Interest) Act 1998 (Commencement No. 1) Order 1998 (“the first commencement order”).

An employee is defined (paragraph 2 of Schedule 2 to the first commencement order) to include persons who work in the business both under a contract of employment and other than under such a contract, e.g. partners and a sole owner. Provision is made for the counting of part-time employees as fractions of full-timers (paragraph 3 of Schedule 2 to the first commencement order) and employees in associated businesses are counted (paragraph 6 of Schedule 2 to the first commencement order). Taking the period of 1st April to 31st March (or a shorter period for new businesses) preceding making the contract (paragraph 4 of Schedule 2 to the first commencement order), the average is taken of the numbers of employees over that period (paragraph 5).

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