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AMENDMENT TO 30-DAYS PAYMENT LAW

On November 8th, 2019, the Chilean Government presented a bill of law before Congress (Bulletin No. 13045-03), in order to amend Law No. 21,131 for 30-days payments. Particularly, this amendment introduces changes to the effective entry into force of the legal payment term of 30 days for invoices issued in Chile.

Accordingly, the executive's bill sets forth that "(...) considering the financing needs of medium and small businesses, it has been considered imperative to advance the entry into force of the obligation to pay within the maximum term of 30 days" (added emphasis).

In this context, the bill of law has only two articles. The first one, overrules the initial term set forth for the adjustment phase of Law No. 21,131, according to which the legal payment term would be 60 days, during the first 24 month from the publication of the law in the Official Gazette (until January 2021).

Further, the second article of the bill, modifies the aforementioned term, providing that the application of the **60-days term will be limited only to the three months following the publication of the law that approves this amendment**. Therefore, the application of this transition or adjustment 60-days intermediate payment term will be considerably reduced, applying only during the three months following the publication of the amendment in the Official Gazette. Once said term expires, the 30-days legal payment term from the date of reception of the invoice shall apply.

Hence, and considering that the bill of law does not amend other aspects of Law No. 21,131, unless the parties agree on a longer term and such agreement is registered before the Ministry of Economy, once the legal payment term is due, outstanding amounts shall accrue interests, and the debtor of the invoice shall have the obligation to pay a payment recovery commission.

Moreover, it is worth noting that Law No. 21,131 has general application, and therefore is not limited to a specific type or category of companies. Therefore, the provisions of this law, especially those related to legal payment terms, are applicable to all invoices issued in Chile, regardless of the size or characteristics of the issuer.

This bill of law for the amendment of Law No. 21,131, is being treated as an urgent matter, and therefore it's term of processing before Congress should be short.



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