



Legal Alert

"30-Day Payment Law" becomes effective today

May 16th, 2019 | By Manola Quiroz y Claudio Sepúlveda

Law 21.131, also known as "**30-Day Payment Law**" (the "Law"), becomes effective today May 16th, 2019.

Maximum Payment Term

The Law establishes a maximum payment term of **60 calendar days since the date the invoice was received by the debtor**; term that will be reduced to **30 calendar days on February 16th, 2021**.

Consequently:

Since May 16th, 2019	Since February 16th, 2021
Maximum payment term is 60 calendar days since the date the invoice is received by the debtor.	Maximum payment term is 30 calendar days since the date the invoice is received by the debtor.

Notwithstanding the foregoing, **the parties can agree to a longer payment term** (the "Payment Agreement"), as long as the requirements of the Law are met. One of such requirement is the registration of the Payment Agreement in a registry that will be kept by the Ministry of Economy, Development and Tourism, in accordance with the **Regulation of the Law**, published in the Chilean Official Journal on May 2nd, 2019. Payment Agreements that do not fulfill such requirements will be considered as non-written.

Requirements of the Payment Agreement	<ul style="list-style-type: none"> a. It must be in writing. b. Signed and executed by both parties. c. It can not constitute abuse to the seller or service provider. d. It must be registered, within a period of 5 business days following the execution, in an electronic record that will be kept by the Ministry of Economy, Development and Tourism. e. It must be executed prior to the date of issuance of the relevant invoice.
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Forbidden Clauses

The Law establishes that **any provision that is aimed to improperly delay the invoice payment shall not have any effect**, such as:

- The ones that assign to the buyer or the service beneficiary the right to terminate or amend the contract without cause;
- Those that contain absolute liability limitations that could deprive the seller or the service provider the right to be indemnified in case of breach of contract;
- The ones that establish lower interests for non-payment than the interests indicated by the Law; and
- Those which establish a payment period counted from a date different that the receipt of the invoice.

Furthermore, it is important to note that the Law includes the establishment or application of the aforementioned clauses, and the systematic noncompliance of the term for payment of the invoices as acts of unfair competition.

Minimum Interest and Fixed Penalty in Case of Late Payment

The Law regulates a **minimum interest** and **fixed penalty** that shall apply in case of late payment.

NOTE:
The Law also applies to state-owned enterprises .

Contacts

For more information about the effect of the Act on your business, please contact:

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