

# MEMORANDUM

## COMMERCIAL PAYMENTS BILL

### Background

1. This memorandum has been laid before the Assembly by the Minister for the Economy under Standing Order 42A(4)(b). The Commercial Payments Bill was introduced in the House of Lords on 19 May 2026. The latest version of the Bill can be found at:

[Commercial Payments Bill \[HL\]](#)

### Summary of the Bill and its policy objectives

2. The Bill aims to make provision about payment terms in commercial contracts; to make provision about interest on late payment of commercial debts; to expand the powers of the Small Business Commissioner (SBC) in relation to payment disputes and poor payment practices, and to amend the Enterprise Act 2016 in connection with other functions of the SBC.

### Provisions which deal with a Devolution Matter

3. Some of the provisions of the Bill may fall under the legislative competence of the Assembly, as they potentially deal with transferred matters. Departmental Solicitor's Office (DSO) is undertaking analysis of the Bill on behalf of the Department for the Economy to determine which provisions deal with a devolution matter. Clauses in the Bill relating to payment terms in commercial contracts, interest on late payment of commercial debts, expanding the powers of the SBC in relation to payment disputes and poor payment practices, and amendments relating to other functions of the SBC may be devolved to the North of Ireland.

4. DBT consider that almost all the provisions within the Bill apply to Scotland and Wales, save where they apply to the North of Ireland only.

### **Reasons for making the Provisions**

5. The measures in this Bill seek to enhance and strengthen a framework of transparency and best practice in the world of doing business, and are intended to champion and be welcomed in particular by small businesses. This Bill builds upon good working relations and agreements in place between the Westminster Government and the devolved administrations in the area of Late Payments, as formalised through the Late Payment Common Framework (LPCF). It is beneficial to businesses and the enforcement body to ensure a consistent legislative and enforcement regime at the earliest possible opportunity.

### **Reasons for utilizing the Bill rather than an Act of the Assembly**

6. Much of the existing body of legislation on Late Payments, although in the transferred field, already operates in a manner that supports businesses, is agreed as part of the LPCF, and is underpinned by good working relations between the Westminster Government and devolved administrations. As such, it would be more efficient to have the transferred provisions dealt with within this Bill included as part of the ready-made vehicle of a Westminster Bill than to promote a specific Assembly Bill.

### **Reasons for not seeking the consent of the Assembly**

7. DBT were only able to provide key information just prior to the Bill's introduction. Additionally, the final draft of the Bill was shared with the Minister for the Economy on the day of its introduction into the House of Lords. As such, there was insufficient time to complete the full Legislative Consent Motion process in accordance with the guidance.

## Consultation

8. A consultation was carried out by DBT on the prospective measures within the Bill from 31 July 2025 to 23 October 2025, with the Westminster Government response to the consultation published on 24 March 2026. Responses were received from businesses and stakeholders here during the consultation, in addition to a joint DBT & SBC roundtable being specifically held with business representatives in Belfast. DBT have noted that there is widespread support throughout the business community for these late payment initiatives.

## Human Rights and Equality

9. The Westminster Government considers that the Bill is compatible with the European Convention on Human Rights (ECHR). Accordingly, Lord Leong CBE has made a statement under section 19(1)(a) of the Human Rights Act 1998 to this effect.

## Financial Implications

10. DSO have been contacted to provide assessment of the financial implications of this Bill in the North of Ireland. DBT believe that there should be no financial implications for the North of Ireland within this Bill – the SBC, particularly the enforcement network, will be funded by the Westminster Government. A Ways and Means resolution will be laid by DBT in the House of Commons in order to gain authorisation to make that public expenditure. The full impact assessment can be found at:

[Prompt Payments Primary Legislation Impact Assessment](#)

## **Summary of Regulatory Impact**

11. DBT believe there will be a negative net impact on business due to financial penalties and adjudications against them, but this is counteracted by the net social benefit of businesses being paid on time and fairly. DSO have been contacted to provide assessment of the regulatory impacts of this Bill in the North of Ireland.

## **Engagement to date with the Committee for the Economy**

12. Department for the Economy officials will provide briefing to the Committee for the Economy on the Bill in due course, having sent an initial letter of update to them on the Bill's forthcoming introduction.

## **Conclusion**

13. The Minister for the Economy will consider the findings of the DSO analysis of the Bill and will provide a view in due course.

**Department for the Economy**

**03 June 2026**