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FREE CHECKLIST

Before you charge interest on an invoice: checklist

Six checks, the sources to read for the US, UK and EU, and the questions to bring to a lawyer or accountant.

General information, not legal advice. Rules vary by state and country.

1. The six checks

- ☐ Client is a: business / consumer (circle one)
- ☐ I am in: _____ Client is in: _____ Contract says the law of: _____
- ☐ My quote or contract states an interest rate or late fee: yes / no. Wording: _____
- ☐ The limit or statutory rate where it matters: _____ % a year. Source: _____
- ☐ Interest worked out from _____ (due date or end of grace period) to _____ = $_____
- ☐ New invoice or statement shows the original amount, the interest and the method

2. Where to look

Place	Start here
United States	Your state's statutes on interest (usury) and any rules on late fees; limits differ by state
US federal agencies as clients	Prompt Payment Act: agencies pay interest when they pay late (Bureau of the Fiscal Service)
United Kingdom, business clients	GOV.UK: Late commercial payments, charging interest and debt recovery
European Union, business clients	Directive 2011/7/EU on combating late payment, as implemented in each country
Consumer clients anywhere	Consumer protection and consumer credit rules where the client lives

3. Questions for a lawyer or accountant

1. Does the interest limit here apply to a late fee on an invoice, or only to loans?

2. Can I charge interest if my contract did not mention it?
3. Is my clause enforceable, or could it be treated as a penalty?
4. How should interest appear on my invoice and in my accounts?
