NEW PROCEEDINGS INITIATED BY THE PRESIDENT OF UOKIK CONCERNING PAYMENT GRIDLOCK

* **President of UOKiK Tomasz Chróstny initiated 21 further proceedings against large companies that are likely to fail to timely pay their contractors.**
* **A total of 72 proceedings in cases of payment gridlock are already underway.**
* **Improving the financial liquidity of micro, small and medium-sized enterprises is of paramount significance during the second wave of the pandemic.**

**[Warsaw, 13 November 2020]** Payment gridlock is one of the major problems of the Polish economy and one of the biggest obstacles in running a business. They are particularly damaging to smaller companies: they increase the cost of running a business and significantly hamper their growth and expansion.

*“The fight against payment gridlock is particularly important during the coronavirus pandemic. Receiving timely payments for delivered products or services is in many cases a prerequisite for the survival of smaller entrepreneurs. Overdue delays or lack of payments are unacceptable practices on the part of large companies. I have instigated proceedings against 21 other entrepreneurs who might have engaged in such practices. We have already been conducting a total of 72 proceedings initiated under the anti-gridlock law,”* stresses President of UOKiK Tomasz Chróstny.

The selection of entrepreneurs who may be in default of their payments was preceded by an analysis that identified the areas with the highest risk of delays in payments. The Office also accounted for the results of the previous analysis, reports sent by entrepreneurs and data provided to the President of UOKiK by the Head of the National Revenue Administration. Following thorough analyses, entities were selected which are likely to be unreasonably delayed in payment of cash benefits.

These are: Rzeszowskie Zakłady Drobiarskie RES-DROB (Poultry Processing Plant in Rzeszów), Aldi, Reckitt Benckiser Production (POLAND), Firma Oponiarska Dębica (Tire Company), Stock Polska, Hanplast, Hurtownia Motoryzacyjna "Gordon” (Automotive Wholesaler), Caterpillar Poland, Elit Polska, Grupa Żywiec, E003B7, Rawlplug, Bricoman Polska, Boryszew, Beiersdorf Manufacturing Poznań, Silekol, The Lorenz Bahlsen Snack-World, Bewa, Agata Spółka Akcyjna, Paccor Polska, Wkręt-Met.

**What’s next?**

A thorough verification of business transactions with regard to those that in the period June-August 2020 were due and not completed or completed after the deadline shall be carried out in the course of currently initiated proceedings. In the course of the proceedings, the entities are under an obligation to provide information and documents at the request of the President of UOKiK. This includes electronic tax records and accounting documents. This means that in order to determine invoice payment due dates UOKiK may examine data contained in Standard Audit Files for Tax (JPK), such as JPK\_WB or JPK\_KR, and assess data from different sources, including information and explanations provided by the parties to the proceedings or documents obtained in the course of the audit.

**When does the President of UOKiK step in**

The President of UOKiK may intervene, if the sum of outstanding payments due owed by an enterprise within 3 consecutive months is at least PLN 5 million (as of 2022 this amount will change to PLN 2 million). This applies to arrears under the invoices issued after 1 January 2020 or earlier, if their payment has become due after 1 January 2020.

**What is the penalty?**

The sanction that may be imposed on enterprises is the sum of individual penalties for each outstanding amount owed or paid past its due date. Individual penalties are calculated according to a special formula and their amount depends primarily on the amount owed and delay in payment.

ICP (penalty) = COV x n/365 x SI

ICP – individual cash penalty for an unsettled payment obligation or a payment obligation settled past its due date,

COV – value of an unsettled payment obligation or a payment obligation settled past its due date,

n – a period which lapsed from the due date of an unsettled payment obligation or a payment obligation settled past its due date to the last day of the period covered by the proceedings or to the day on which the payment obligation is settled, provided that the payment obligation is settled within the period covered by the proceedings, expressed in days,

SI – statutory interest for lay payment in commercial transactions, determined as at the date of issue of a decision imposing an administrative cash penalty.

**Visit the website dedicated to payment gridlock**

Examples of penalty calculation for specific amounts owed as well as the most important information regarding the competencies of the President of UOKiK as regards payment gridlocks can be found on website launched specifically for this purpose. What are gridlocks, when can the President of UOKiK deal with them, how can I report an enterprise which fails to pay and who can do that? These and many other questions and answers can be found at [www.zatoryplatnicze.uokik.gov.pl](http://www.zatoryplatnicze.uokik.gov.pl)

**Gridlocks in the agri-food sector**

The President of UOKiK has also investigated excessive delays in payments as part of the proceedings concerning practices related to the abuse of superior bargaining position by nearly 100 largest entities from the agri-food industry. Following this intervention, [the majority of entrepreneurs disbursed the outstanding money](https://www.uokik.gov.pl/news.php?news_id=16630) to their suppliers for a total amount of over half a billion PLN and removed the questioned provisions from their trade policies and concluded contracts.