

PROMPT PAYMENT ACT NOTICE

Prompt Payment Requirements | 31 U.S.C. §§ 3901–3903 | 5 C.F.R. Part 1315

FEDERAL PAYMENT REQUIREMENT

Under the **Prompt Payment Act**, federal agencies are required to make timely payments to contractors and business concerns. When a required payment is not made by the applicable payment due date, the agency is generally required to pay an **interest penalty** on the amount owed.

PAYMENT TIMELINE

1. PROPER INVOICE RECEIVED

Invoice Received: _____

The payment period begins when the VA receives a **proper invoice**.

2. IMPROPER INVOICE

If an invoice is determined to be improper, the agency must return it to the vendor **as soon as practicable, but no later than 7 days after receipt**, and identify the reason it is improper. The agency's failure to meet this requirement can reduce the time available to make a timely payment without incurring an interest penalty. **31 U.S.C. § 3903(a)(7)**.

3. PAYMENT DUE DATE

When the contract does not establish a specific payment date, payment is generally due:

30 CALENDAR DAYS

after receipt of a proper invoice

31 U.S.C. § 3903(a)(1)(B)

4. LATE PAYMENT / INTEREST PENALTY

If payment is not made by the required payment date:

INTEREST BEGINS THE DAY AFTER THE PAYMENT DUE DATE

The interest penalty continues through the date payment is made. The applicable interest rate is established by the Secretary of the Treasury. The penalty is generally required to be paid **without the vendor having to request it**.

CALENDAR-DAY RULE

For purposes of calculating the payment period, the applicable period is measured in **calendar days**, including weekends and federal holidays.

If the required payment date falls on a **weekend or federal holiday**, the payment is due on the **next business day**.

INVOICE PAYMENT RECORD

	Date
Invoice Date	_____
Proper Invoice Received by VA	_____
Improper Invoice Notice, if applicable	_____
Corrected Invoice Received, if applicable	_____
Payment Due Date	_____
Interest Accrual Date	_____
Actual Payment Date	_____
Days Past Due	_____

IMPORTANT

A proper invoice starts the applicable payment period.

30 calendar days after receipt of a proper invoice is generally the payment due date when no specific contractual payment date applies.

If payment is late, the Prompt Payment Act interest penalty begins accruing the day after the required payment date and continues until payment is made.

Authority: 31 U.S.C. §§ 3901–3903 and 5 C.F.R. Part 1315.

This cover sheet summarizes federal prompt-payment requirements and does not modify the terms of any applicable contract, purchase order, or federal law.