



Department for
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Lord Prior of Brampton
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Dear Donald,

During the 9 March debate on the Reporting on Payment Practices and Performance Regulations 2017, I made a commitment to write to you to confirm whether a small UK company owned by a non-UK parent company would be required to report.

The Regulations require large UK businesses to report; that is, companies incorporated and registered in the UK and LLPs registered in the UK, which have exceeded certain thresholds to be considered large. The primary legislation under which the Regulations are made sets out that the reporting requirement should not be imposed on small or medium-sized companies (sub-section 3(3) of the Small Business, Enterprise and Employment Act 2015). This is because we know that large businesses can have a significant impact on payment terms throughout the supply chain and the Government wants a proportionate response to late payment that does not place undue burden on small and medium-sized companies. Therefore, businesses must be considered large in their own right to be in scope of the reporting requirement, whether they are part of a group or not. So the small UK company used in your example, which is a subsidiary of a larger US based company, would not be in scope of the reporting requirement.

A copy of this letter has been placed in the House Libraries.

DAVID PRIOR