**Paying on time**

Not many of the 613 mitzvos are expressly dedicated to issues of business ethics, which makes it all the more surprising that the Torah deals with the issue of paying commercial debts with two separate mitzvos: the positive requirement to give a daily worker his or her wages on the day on which the work is done, and the negative prohibition of retaining wages overnight once they become due.

The parameters of these two mitzvos are relatively tight. In particular, they apply to workers who are employed by the day and whose contract does not stipulate for periodic payment. So a relatively narrow range in the context of modern commerce.

But the ethical hinterland of these mitzvos encompasses a wide range of situations and issues. They remind us that we can cause serious distress and loss to people by retaining money that is due to them, and that there is little or nothing to choose from an ethical perspective between stealing money from someone and failing to pay money that I owe them. In particular, the prohibition of allowing my worker’s wages to remain with me overnight is designed to remind me that the money is no longer mine.

Cleaners working for Jewish families sometimes report that their wages are regularly paid in arrears, and only after a number of requests for payment; and this occurs in some families who by outward appearances seem to wish to identify with the orthodox Jewish community. One cleaner told me that she is required to work particularly hard for one family before Pesach because the wife is extremely meticulous in cleaning her kitchen from chometz, but that she doesn’t get paid for several weeks afterwards despite reminders; that family clearly need to re-balance their comparative observances of Orach Chayim and Choshen Mishpat.

Similarly, there is currently a prominent member of the orthodox Jewish community who is well-known for two things: he is known privately by his suppliers for paying bills late and only after numerous and vigorous reminders, and he is known publicly for his generosity in supporting a number of communal charities. It is this kind of unbalanced thinking that too often gives the orthodox community a bad name. On the one hand, he is happy to risk putting small traders out of business by holding back large amounts owing to them, forcing them to borrow at interest from the banks and possibly to fail to meet their financing commitments; on the other hand, once they have gone bust and are on the street, he will be happy to give them back some of the money that he should have paid them before in the form of self-righteous charitable donations. Some ethical realignment is clearly called for.

The most common situations in which ordinary people encounter this issue outside business is in the context of paying babysitters or cleaners. From a purely halachic perspective, the application of the laws of prompt payment depend in part on the express terms of any contract (oral or written) and in part on normal commercial practice, which is impliedly adopted in relation to transactions which do not make express contrary provision. So a babysitter is clearly working on a casual part-daily basis, and will expect to be paid at the end of the session. If the family expect to allow amounts to accumulate and pay them periodically, they need to stipulate this expressly as part of the initial agreement with the babysitter.

Similarly a cleaner is normally to be regarded as a casual day-worker and will expect to be paid at the end of each session; and if something else is intended it must be agreed at the beginning of the relationship.

Can the right to prompt payment be waived? Technically, it can: because if I owe you money and you agree that I can pay it at a later time, your agreement converts the original debt into a new loan on the terms agreed. So my obligation to pay on time is extinguished and incorporated into the debt which is now to be paid at the specified time or within the specified period. But it is dangerous to rely on this. A casual worker is likely to agree to late payment more out of fear of losing future business than because of being genuinely relaxed about when he or she receives her money; in which case the consent to late payment is tainted or vitiated, and may not be sufficient to release me from my halachic obligation to pay on time.

There is an interesting halachic technicality that has grown up around late payment as a result of the enactment in secular English law of the Late Payment of Commercial Debts (Interest) Act 1998. In cases to which the Act applies, late payment of the debt begins to attract statutory interest at a rate prescribed under the Act. If a Jewish business-owner orders supplies from a Jewish supplier, so the halachic prohibition against charging or paying interest on debts (*ribis*) applies, what is the situation in regards the statutory interest? The position is not entirely clear. There is an argument that despite being called interest the statutory payment is in the nature of a fine or penalty, which in halachic terms would be categorised as a *knas* and the business-owner would be obliged to pay it. But there is also an argument that the payment is interest, in which case the business-owner has a religious obligation not to pay it and the supplier has a religious obligation not to receive it. But the business-owner will have a secular obligation to pay the interest, and the ability to waive the statutory debt or to contract out of it will not always operate, depending on the circumstances. So the only way to avoid this conundrum is to ensure that we all pay our debts as promptly as possible.

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