

Late Payment Charges

Late Payment Charges versus Interest:

A Late Payment Charge is a charge made when a late payment is unanticipated. Interest is almost always an anticipated charge and that anticipated charge must conform to certain federal and state regulations.

Flat Fee versus Percent Calculated Late Payment Charge:

Interbill offers both Flat Fee and Percent calculated Late Payment Charges. Percent Late Payment Charges computed times the amount past due is the most popular among our users. The most common annual percent used is 8%. The most common monthly percent is .5%. Most Interbill users use annual percent because it is almost universally understood. Flat Fee is a monthly Flat Fee.

Simple versus Compound Percent Calculations:

Interbill uses Simple Percent calculations. Compound Percent computes the Late Charge Percent on past billed and unpaid Fee Cost and Late Payment Charges. Simple percent does not charge a late payment charge on unpaid late payment charges. Most states have regulations making it impractical for anyone other than financial institutions from charging compound percent Late Payment Charges.

Office-wide Default Late Payment Charge:

In Settings, Statement Settings sub-screen, first panel, Statement Defaults, third item down is the office-wide Late Payment Charge default. Use this Setting if you want to establish the same type and amount of Late Payment Charge for all your clients. Most Interbill users prefer to set up Late Payment Charges, client by client. This is done on the Clients screen.

Setting up Late Payment Charges Client by Client:

On the Clients screen, the Late Payment Charge is entered on the right side of the screen, under ID. For annual% (the most common) enter the amount and select annual which is the screen default. For Flat Fee, enter the amount you want to charge each month and select Flat Fee. For monthly% be careful here 1% is 12% annual. Suggest .5%.

That is all there is to it. Interbill computes the Late Payment Charge and prints it on the bill and includes it in all reporting.

End – Late Payment Charges 12-15-15

