



SAMOA

PENALTY INTEREST RATES ACT 1998

Arrangement of Provisions

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PENALTY INTEREST RATES ACT 1998

1998, No. 15

AN ACT to make provision in relation to the application of penalty interest rates in contracts and for related purposes.

[Assent and commencement date: 19 June 1998]

BE IT ENACTED by the Legislative Assembly of Samoa in Parliament assembled as follows:

1. Short title and commencement – (1) This Act may be cited as the Penalty Interest Rates Act 1998.

(2) This Act comes into force on the date it is assented to by the Head of State, and in accordance with section 3 shall have retrospective effect.

2. Act to bind the State – This Act binds the State and applies to contracts in which the State, or any of its agencies, is a contracting party.

3. Application – (1) Subject to subsection (2), this Act applies to all contracts entered into in Samoa before or after this Act comes into force.

(2) This Act does not apply to a contract for which a Court has made a final determination as to the rights of the contracting parties.

(3) For the purposes of subsection (2), no final determination shall be considered to have been made until all rights of appeal have been exhausted, or precluded by the effluxion of time in accordance with law.

(4) This Act does not apply to a contract the sole purpose of which is the lending of money.

4. Common law to apply – The principles of the common law rendering unenforceable any penalty provision in any contract apply if a contract stipulates that penalty interest is payable on unpaid monies due under the contract.

5. Limitation on penalty interest rates – (1) If the provision of a contract stipulates that penalty interest is payable on unpaid monies due under the contract, the provision is unenforceable to the extent that the rate of penalty interest under the contract exceeds 14% a year or any other figure prescribed by regulations.

(2) Regulations made under subsection (1) may prescribe different penalty interest rates for different types of contract or transaction under a contract.

REVISION NOTES 2008 – 2020/3 March 2021

This is the official version of this Act as at 3 March 2021.

This Act has been revised by the Legislative Drafting Division from 2008 – 2020/3 March 2021 respectively under the authority of the Attorney General given under the *Revision and Publication of Laws Act 2008*.

The following general revisions have been made:

- (a) Amendments have been made to conform to modern drafting styles and to use modern language as applied in the laws of Samoa.
- (b) Insertion of the commencement date
- (c) Other minor editing has been done in accordance with the lawful powers of the Attorney General, where appropriate:
 - (i) “shall have application/no application” changed to “apply” or “does not apply”
 - (ii) “per annum” changed to “a year”

- (iii) “where” changed to “if”.

There were no amendments made to this Act since the publication of the *Consolidated and Revised Statutes of Samoa 2007*.

*This Act is administered by
the Office of the Attorney General.*
