

**Law Number (63) of the Year 1998**  
**Amending Some Provisions of Law Number 41**  
**of the Year 1993 with Regard to the State**  
**Purchase of some debts and collection procedures.**

Following perusal of the Constitution

and Law Number 41 of the year 1993 with regard to the State purchase of some debts and collection procedures the same amended by Law Number 102 of the year 1994 A.D. and Law Number 80 of the year 1995 A.D., and its executive by-laws,

the National Assembly has approved the text of the following law and we have attested and issued it:

**Article One**

The debtors who have not authenticated the acknowledgments of debt payment and the debtors who have authenticated the acknowledgments and have defaulted on the payment of – all or some – of the payments due by them, according to the instant cash payment method, may make the late payments in accordance with the following conditions:

- 1- The debtor, who has not authenticated his debt, shall authenticate this debt within two months from the date of enforcing this law.
- 2- They shall make the late payments no later than 30/6/1999.
- 3- To each payment and until the date of its settlement shall be added the financial costs determined in Clause Number (1) bis of Article Number (5) of Law Number (41) of year 1993 amended by Law Number (80) of the year 1995 A.D.
- 4- To each payment shall be added a delay penalty for the period of four months at the rate of 15% per annum.
- 5- To the payment sum or sums on which the debtor defaulted to pay shall be added a non-commitment penalty at the rate of 5% per annum that shall be calculated on the payment amount after the financial costs and delay penalty provided for in the Clauses (3) and (4) of this article are added, this for the period from the end of the four months period until the date of making the payment.

The debtor's making his late payments shall entail, according to these conditions, the finalization of the legal and judicial actions taken toward him.

## **Article Two**

The debtors who have defaulted on the payment of one or more scheduling installments, according to the payment method based on the debt scheduling in equal annual installments, are entitled to pay the late installments no later than 30/6/1999.

To the installment amount or amounts, on which the debtor has defaulted to pay, shall be added a non-commitment penalty at the rate of 5% annually, this for the period from the due date of the installment until its payment according to the payment deadline mentioned in this article.

The debtor's payment of the late installments shall entail, as determined previously, the finalization of the legal and judicial actions taken against him.

## **Article Three**

The two payments, the fourth determined to be due on 6/9/1998 A.D. according to the immediate cash payment method and the fifth determined to be due on 6/9/1999 A.D., shall be consolidated and paid in three equal installments the first of which is due on 6/9/1999 A.D., the second on 6/3/2000 A.D. and the third on 6/9/2000 A.D.

To the amount of each payment – and until its due date – shall only be added the financial costs determined in Clause Number (1) bis of Article (5) of Law Number 41 of the year 1993 A.D. amended by Law Number 80 of the year 1995 A.D.

## **Article Four**

The Ministers, each in his competence, shall execute this law.

**The Amir of Kuwait**

**Jaber Al-Ahmad Al-Sabah**

Issued in Bayan Palace on: 11 Rabie Al-Akhar 1419 H

Corresponding to: 4 August 1998 A.D.

### **Explanatory Note**

The statistics of the payment of purchased debts reveal a sizeable percentage of those debts that have not been paid due to some debtors not authenticating the acknowledgments of debt payment, also because of some debtors who have authenticated the payment acknowledgments but have defaulted on all or some payments or installments due by them on their due dates.

In an effort to allow for the possibility of collecting more purchased debts as soon as possible and subsequently to alleviate the cost on public funds, the enclosed law has been prepared so as to allow the debtors, who have not authenticated the acknowledgments of their debt payment and those who have authenticated the acknowledgments but have defaulted on making all or some of the payments due by them on their deadlines, to make the payments with past deadlines, this in accordance with the conditions stipulated by the law.

Moreover, in view of the current local economic circumstances nowadays among which the most prominent is the decline occurring now in the stock prices and in other ownership assets and the negative reflection that may also happen in these prices as a result of some debtors liquidating their assets in order to make their late payments no later than 30/6/1999 A.D. thus benefitting from the opportunity granted by the law to the debtors who have not authenticated the acknowledgments of debt payment or those who have authenticated the acknowledgments but have defaulted on the payment.

This may impact the debtors' ability to make the fourth and fifth payments of the purchased debts according to the immediate cash payment method with the respective due dates of 6/9/1998 and 6/9/1999 A.D.. Hence, the law has resolved to postpone the due date of those two payments.

Article One of the law states that the debtors, who have not authenticated the acknowledgments of the payment of debts due by them, and the debtors, who have authenticated the acknowledgments but have defaulted on making some or all of the payments due by them, may make the due payments no later than 30/6/1999 under the conditions stipulated by the said article.

Those conditions aim to not miss the gains that would have been realized for public funds had the payments been made on their due dates, also to achieve justice among the debtors who have observed the provisions of the law and have made payments on their due dates and those who have not authenticated the debt acknowledgments or have authenticated the acknowledgments but have defaulted on making all or some of the payments due by them.

The provision of the said article also stipulates that the debtors who have not authenticated the acknowledgments of their debt payment shall commit to the immediate cash payment method of their debts according to the conditions stipulated by the said article if they wish to pay.

The debtor's making the late payments shall then entail the finalization of the legal and judicial actions taken toward him.

Article Two of the law stipulates that the debtors, who have defaulted on the payment of one or more installments of the debt according to the scheduling method in equal annual installments, may pay the installments on which they have defaulted no later than 30/6/1999 A.D. in addition to a non-commitment penalty provided for in this article, this in order not to miss the gains that would have been realized for public funds if the late payments had been made on their determined due dates and those who have defaulted on the payment on those due dates.

The payment of the late installments, according to what is provided for in that article, shall entail the finalization of the legal and judicial actions taken vis-à-vis the debtor.

Article Three of the law stipulates consolidating the two payments, the fourth due on 6/9/1998 A.D. and the fifth due on 6/9/1999 A.D. and paying then in three equal installments, the first of which being due on 6/9/1999 A.D., the second on 6/3/2000 A.D. and the third on 6/9/2000 A.D.

To the payment amount shall be added, until its new due date, a debt service calculated on the declining balance of the cash payment sum of the debt and whose rate shall be determined by the Central Bank of Kuwait on the basis of the average return paid on debt bonds on the same year to which is added a percentage against the indebtedness service determined by the Central Bank, this as stipulated in Clause Number (1) bis of Article (5) of Law Number 41 of the year 1993 A.D. amended by Law Number 80 of the year 1995 A.D.

Article Four stipulates that the Central Bank of Kuwait shall solely have the power to issue the binding explanations of the texts of Law Number 41 of the year 1993 A.D. (and its amending and complementary laws) and its executive by-laws, also the supervision of the enforcement of their provisions and monitoring their implementation.