

Sample Payment Terms and Schedule Clause

Civil Construction Subcontracts

1. Payment Schedule

- a. Payments to the Subcontractor shall be made according to the following schedule, subject to receipt of an undisputed invoice and completion of the corresponding project milestone:
 - **Mobilization:** 10% of subcontract value upon completion of mobilization and commencement of work on site.
 - **Progress Payments:** 80% of subcontract value, paid in monthly progress claims based on work completed and approved by the Contractor's representative.
 - **Practical Completion:** 5% of subcontract value upon formal achievement of practical completion.
 - **Final Completion/Retention Release:** 5% of subcontract value or the full balance, paid thirty (30) days after final completion and rectification of defects (if any).

2. Invoice Submission and Approval

- a. The Subcontractor shall submit itemized invoices by the 25th day of each month for work performed in that month.
- b. The Contractor shall review and process invoices within ten (10) business days of receipt. Any disputes or discrepancies will be communicated in writing within this period.

3. Payment Terms

- a. Payment will be made within thirty (30) days from the end of the month in which the approved invoice is received by the Contractor.
- b. If the Contractor fails to make payment within the specified period, the Subcontractor may be entitled to interest on the overdue amount, subject to prior written notice and at a rate not exceeding statutory limits.

4. Retention

- a. A retention sum of 5% of each progress payment may be withheld by the Contractor, to be released upon final completion and rectification of any defects as outlined above.

5. General Conditions

- a. All payments are subject to the Subcontractor's fulfilment of their obligations under the Subcontract.
- b. Variations and adjustments to the payment schedule are to be agreed upon in writing by both parties.

This sample clause is provided for general reference and should be tailored to suit the specific contract and project requirements.