

PROMPT PAYMENT FOR

OWNERS

Ontario's Prompt Payment rules are part of your legal obligations under the Construction Act. With few exceptions, they apply to construction contracts entered into on or after Oct. 1, 2019. The Prompt Payment requirement is triggered when the owner receives a "proper invoice" from the contractor or consultant.

What Owners Need to Know:

1. In the ordinary course, you must pay a contractor's invoice within **28 calendar days** of the date that you receive the invoice. The obligation to pay in 28 days applies regardless of the terms of payment in the contract.
2. You may object to the form of the contractor's invoice if, no later than **7 days calendar** after receiving the invoice, you give the contractor notice in writing of the deficiency and what is required to address it. If you fail to give timely notice to your contractor, then its invoice is deemed to be a proper invoice.

See the fact sheet **What is a Proper Invoice?**

3. You may dispute all or part of an invoice from a contractor if you give the contractor a notice of non-payment within **14 calendar days** of the date that you receive the contractor's proper invoice.
4. A notice of non-payment must be in **Form 1.1**.

You can download a copy of **Form 1.1** at this website:
<http://ontariocourtforms.on.ca/en/construction-lien-act-forms/>

5. If you fail to make payment of a contractor's proper invoice within the required timeline, or fail to give timely notice in the proper form as noted above, then the contractor may enforce its right to payment through adjudication.

See the fact sheet **Adjudication Basics** for more on this process.

6. Different rules apply to release of holdback.
- See the fact sheets **How Does the Basic Holdback Work and Annual Release of Holdback**

Ready to Learn More?

See our related fact sheets:

Prompt Payment for Contractors
Prompt Payment for Subcontractors
How does the Basic Holdback Work?
What is a Proper Invoice?
Adjudication Basics
Prompt Payment for Annual Release of Holdbacks

Other resources:

- Ontario Dispute Adjudication for Construction Contracts (odacc.ca)
- COCA Webinar on Prompt Payment and Adjudication (coca.on.ca/advocacy/prompt-payment)
- Ontario Construction Act (ontario.ca/laws/statute/90c30)



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Disclaimer: This fact sheet is intended to provide information to the industry at large and should not be considered legal advice. Contact a lawyer to find out how Prompt Payment and Adjudication may apply in your particular circumstances.