

HIRE PURCHASE AND CREDIT SALE (CHARGES) REGULATIONS 2000

GN 112/2000

Regulations made by the Minister under sections 3 and 23 of the Hire Purchase and Credit Sale Act

1. These regulations may be cited as the Hire Purchase and Credit Sale (Charges) Regulations 2000.
2. In these regulations-

"Act" means the Hire Purchase and Credit Sale Act;

"annual per centage rate(APR)" means the annual per centage rate of charges referred to in regulation 4;

"late payment" means payment of an instalment or part thereof after the due date;

"monthly charges" means the charges for any given month within the repayment period;

"total charges" means the total charges payable over the whole of the repayment period.
3. In every hire purchase or credit sale agreement the payment of the chargeable price together with the total charges shall be made by monthly equal instalments.
4. (1) For the purpose of section 3 of the Act, the annual per centage rate shall be not more than 19 per cent of the chargeable price.

(2) No dealer shall claim charges at a rate which exceeds the annual percentage rate specified in paragraph (1).

Amended by [\[GN No. 187 of 2012\]](#)

5. (1) Subject to paragraphs (2) and (3), for the purposes of determining the monthly charges or the total charges for the repayment period, the dealer shall apply the annual percentage rate on the chargeable price on a diminishing balance method.

(2) The total charges shall be computed in accordance with the formula set out in Part I of the First Schedule.

(3) The monthly charges shall be computed in accordance with the formula set out in part II of the First Schedule.

(4) No dealer shall claim total charges or monthly charges as the case may be, which exceed the appropriate amounts reached after computation of the respective charges in accordance with paragraphs (2) and (3).

6. Every dealer shall Provide a hirer or buyer together with the hire purchase agreement or the credit sale agreement, as the case may be, with a schedule of payment in the form specified in the Second Schedule, in respect Of the goods subject matter of the agreement.
7. The maximum surcharge that a dealer may claim for the late payment of an instalment shall not exceed an amount representing a rate of 5 per cent per annum above the annual percentage rate, of the amount overdue.
8.
 - (1) Every dealer shall affix with the goods or display at a conspicuous place on his licensed premises, a label stating the annual per centage rate.
 - (2) No dealer shall, in respect of the goods subject matter of the hire purchase or credit sale agreement, claim charges at a rate which exceeds the annual percentage rate stated on the label affixed with the goods or displayed at his licensed premises.
9. Any person who contravenes these regulations shall commit an offence and shall, on conviction, be liable to a fine not exceeding 50,000 rupees, and in the case of a continuing offence, to a further fine not exceeding 200 rupees for each day during which the offence continues after conviction.
10. The Hire Purchase and Credit Sale (Charges) Regulations 1994 are repealed.
11. These regulations shall come into operation on 21 August 2000.

FIRST SCHEDULE

(regulation 5)

Part I

Formula for the calculation of total charges

$$\text{Total charges } TC = N \times \left[\frac{P \times R (1+R)^N}{(1+R)^N - 1} \right] - P$$

where

N = Number of instalments

P = Chargeable price

R = Monthly rate of the annual percentage rate (APR)

$$= \frac{\text{APR}}{12}$$

Part II

Formula for the calculation of monthly charges

$$\text{Charges (C) for first month } C_1 = \frac{\text{APR} \times P}{12}$$

$$\text{Charges (C) for month } m: C_m = \frac{\text{APR}}{12} \times (P - S)$$

Chargeable price component (capital) = I - C

$$\text{Instalment } I = \frac{P + TC}{N}$$

Where

APR = Annual percentage rate

I = Amount of an instalment

M = Any given month of the repayment period

N = Number of instalments

P = Chargeable price

S = Sum of chargeable price component (capital) from first month to month m

TC = Total Charges

**SECOND SCHEDULE
(regulation 6)**

SCHEDULE OF PAYMENT

Name of dealer:

Name of hirer/buyer

Particulars of goods:

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Annual percentage rate:

No. of instalments: months

Repayment period:

Chargeable price = Cash price less down payment

= Rs - Rs

= Rs

Month	Due Date	Monthly Instalment	Charges for the Month	Chargeable Price Component (capital)	Opening Balance of Chargeable Price(capital)	Closing Balance of Chargeable Price (capital)
1.						
2.						
3.						
4.						
5.						
6.						
...						
...						
...						
...						
...						
...						

The above schedule is valid subject to every payment of instalment being made in full and on due date.