

**SUMMARY OF JUDGMENT NO. 10/2019/KDTM-ST OF PEOPLE'S COURT
REGARDING THE DISPUTE OF A GOODS SALES AND SERVICE SUPPLY CONTRACT**

***Summary:** The article summarizes the key points related to penalties for breach and compensation for damages in Judgment No. 10/2019/KDTM-ST dated June 11, 2019, issued by the People's Court of Phu My Town, Ba Ria-Vung Tau Province, regarding a dispute over a goods sales and service supply contract.*

***Keywords:** #breach_penalty #damage_compensation #commercial_business #judgment #court #commercial_law*

1. Information of the parties

- 1.1. Claimant: A Steel Structure Joint Stock Company ("**Company A**");
- 1.2. Defendant: M Limited Liability Company ("**Company M**").

2. Summary of the dispute:

- 2.1. Company A and Company M entered into Economic Contract No. 14-181/HDKT-A for the construction, production, and supply of all steel structures for Project M, with a total contract value of VND 17,959,785,626. Following the signing of the contract, Company A completed 100% of the work, including additional items for Project M and the steel structure components. Both parties agreed on a total outstanding debt (inclusive of VAT) of VND 18,336,008,337.
- 2.2. According to the contract terms, if Company M delays payment as requested by Company A, it is subject to a penalty of 0.01% of the overdue amount for each day of delay, with a maximum penalty of 8% of the contract value. However, by the payment deadline, Company M had only paid Company A a total of VND 7,183,914,250. The remaining unpaid amount is VND 11,152,094,087.
- 2.3. In its lawsuit and amended claims, as well as during the trial, Company A requested that Company M pay:
 - The outstanding principal amount of VND 11,152,094,087 (eleven billion, one hundred fifty-two million, ninety-four thousand, eighty-seven dong);
 - A contractual penalty for breach of VND 382,516,687 (three hundred eighty-two million, five hundred sixteen thousand, six hundred eighty-seven dong).

3. Findings of the People's Court of Phu My Town, Ba Ria-Vung Tau Province ("the Court")

- 3.1. Company A and Company M signed Economic Contract No. 14-181/HDKT-A on February 5, 2018, regarding the production and supply of all steel structures for the M project in My Xuan. Due to Company M's failure to settle payments, a dispute arose and was brought before the Court.
- 3.2. Regarding the plaintiff's request: According to the summary statement on May 24, 2018, Company M confirmed it owed Company A the amount of VND 18,336,008,337 (Eighteen billion, three hundred thirty-six million, eight thousand, three hundred thirty-seven dong). Company M had paid VND 7,183,914,250 (Seven billion, one hundred eighty-three million, nine hundred fourteen thousand, two hundred fifty dong), leaving an outstanding debt of VND 11,152,094,087 (Eleven billion, one hundred fifty-two million, ninety-four thousand, eighty-seven dong).
- 3.3. Therefore, the Court accepts the claimant's request and orders Company M to pay the outstanding debt of VND 11,152,094,087 (Eleven billion, one hundred fifty-two million, ninety-four thousand, eighty-seven dong).
- 3.4. Regarding the claimant's request for contract penalties: According to Article 9 of Economic Contract No. 14-181/HDKT-A dated February 5, 2018, it is stipulated: "If Party A makes a delayed payment compared to Party B's request, Party A will be penalized at 0.01% of the overdue amount per day of delay, but the total penalty shall not exceed 8% of the contract value." The payment deadline is 30 days after receiving the documents and records.
- 3.5. The Court finds that, based on the evidence, Company M violated the payment obligation from May 24, 2018. Therefore, the claimant's request for a penalty of 0.01% per day, calculated from June 24, 2018, to June 11, 2019, totaling VND 382,516,687 (Three hundred eighty-two million, five hundred sixteen thousand, six hundred eighty-seven dong), is reasonable and in accordance with the law.
- 3.6. Therefore, the Court accepts the plaintiff's request and orders Company M to pay Company A the following:
 - Outstanding debt of VND 11,152,094,087 (Eleven billion, one hundred fifty-two million, ninety-four thousand, eighty-seven dong);
 - Contract penalty of VND 382,516,687 (Three hundred eighty-two million, five hundred sixteen thousand, six hundred eighty-seven dong).
- 3.7. The total amount that Company M is required to pay Company A is VND 11,534,610,774 (Eleven billion, five hundred thirty-four million, six hundred ten thousand, seven hundred seventy-four dong).
- 4. Decision of the People's Court of Phu My Town, Ba Ria-Vung Tau Province ("the Court")**

- 4.1. Accept the lawsuit filed by the Joint Stock Company A against the Limited Liability Company M regarding the dispute over the contract for the sale of goods and provision of services.
- 4.2. Order the Limited Liability Company M to pay the Joint Stock Company A the principal amount of VND 11,152,094,087 and the penalty for breach of contract (calculated until June 13, 2019) amounting to VND 382,516,687.

Link: <https://thuvienphapluat.vn/banan/ban-an/ban-an-102019kdtmst-ngay-11062019-ve-tranh-chap-hop-dong-mua-ban-hang-hoa-va-cung-ung-dich-vu-98651>



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