**Decision Table: Interest on Overdue Amounts in Arbitration**

| **Step** | **Question / Criteria** | **Code** | **Answer** | **Sub-Code** | **Action / Outcome** |
| --- | --- | --- | --- | --- | --- |
| Start | Has the contractor claimed interest on the overdue amount? | Q1 | Yes | Q1A | Proceed to Step 1. |
|  |  |  | No | Q1B | Outcome: No interest claim; arbitration proceeds based on other claims. |
| 1 | Does the contract specify an interest rate for overdue amounts? | Q2 | Yes | Q2A | Proceed to Step 2. |
|  |  |  | No | Q2B | Proceed to Step 3. |
| 2 | Is the contractual interest rate within the legal maximum interest rate allowed? | Q3 | Yes | Q3A | Proceed to Step 4. |
|  |  |  | No | Q3B | Outcome: Contractual rate must be adjusted; proceed to Step 6. |
| 3 | Does the law or arbitration rules provide a default interest rate? | Q4 | Yes | Q4A | Proceed to Step 5. |
|  |  |  | No | Q4B | Outcome: Tribunal may set a reasonable interest rate or limit claim. |
| 4 | Should interest accrue until full payment is made (contractual or legal rule)? | Q5 | Yes | Q5A | Outcome: Interest awarded from due date until settlement, subject to legal max. |
|  |  |  | No | Q5B | Outcome: Interest only up to specific date. |
| 5 | Is the default interest rate within the legal maximum? | Q6 | Yes | Q6A | Outcome: Default rate applied; interest awarded. |
|  |  |  | No | Q6B | Proceed to Step 6. |
| 6 | Can the interest rate be adjusted to comply with the legal maximum? | Q7 | Yes | Q7A | Outcome: Interest awarded at adjusted rate. |
|  |  |  | No | Q7B | Outcome: Interest claim denied or limited. |

**Notes & Explanations**

1. **Start – Interest Claim Initiation**
   * The process begins only if the contractor has claimed interest. If not, arbitration proceeds without addressing interest.
2. **Step 1 – Contractual Rate**
   * If the contract specifies an interest rate, the tribunal must test its validity against the law. If no rate is provided, reliance shifts to statutory or institutional defaults.
3. **Step 2 – Legal Maximum Compliance**
   * Many jurisdictions impose caps on allowable interest (e.g., usury laws or statutory maximum rates). An agreed rate exceeding these limits cannot be enforced as-is.
4. **Step 3 – Default Legal Rate**
   * If no contractual rate exists, arbitration laws or institutional rules may provide a standard default rate (e.g., LIBOR + margin, central bank rate). If no such rate exists, tribunals exercise discretion.
5. **Step 4 – Ongoing Interest**
   * Interest may accrue only until a fixed date (e.g., claim submission), or until full satisfaction of the award. The contract and law determine the accrual period.
6. **Step 5 – Default Rate Compliance**
   * Even statutory default rates must comply with overarching legal maximums.
7. **Step 6 – Adjustment Mechanism**
   * Where rates exceed lawful thresholds, tribunals may adjust to the permissible level rather than rejecting the claim outright, provided the legal framework allows.
   * If adjustment is not permissible, the claim may be dismissed in whole or part.
8. **Overall Practical Implication**
   * This decision tree ensures arbitrators systematically address interest claims in compliance with both contractual autonomy and mandatory legal safeguards.
   * It balances **party agreement** with **mandatory public policy limits**, minimizing risks of unenforceable awards.

**Example Use Case**

**Scenario**: Party A claims interest on an overdue payment from Party B. The contract specifies an interest rate of 12%, but the legal maximum rate is 10%.

**Application of the Decision Tree**:

1. **Step 1**: Interest is claimed → Proceed to **Step 2**.
2. **Step 2**: The contract specifies an interest rate → Proceed to **Step 3**.
3. **Step 3**: The contract rate (12%) exceeds the legal maximum (10%) → Proceed to **Step 6**.
4. **Step 6**: The rate can be adjusted to 10% → **Outcome**: Interest is awarded at the adjusted rate of 10%.

**Outcome**: Party A is awarded interest at the legal maximum rate of 10%.