

## How and when to make prepayments in divergent financial years: companies with an financial year of less than twelve months

The tax authorities determine whether a company should make prepayments. For companies having an financial year per calendar year (from 1 January until 31 December) these dates are 10 April, 10 July, 10 October and 20 December. These dates can be postponed one or two days when they fall on a Saturday, Sunday or holiday. For companies not keeping their financial year per calendar year or having a shorter or longer financial year, other dates apply. In this article we focus on companies having an financial year of less than twelve months.

### Why a shorter financial year?

An accounting year can be shorter for different reasons:

- The company decides this year to close the financial year earlier;
- The company ceases its activities, is dissolved and liquidated;
- The company starts in the middle of a calendar year and wants to close on 31 December (in this case it is also an option to prolong the financial year).

In the first two cases it concerns companies which earlier had an financial year per calendar year (from 01/01/ until 31/12).

In the last case mainly companies which will have the second financial year per calendar year are concerned, e.g. first financial year from 17 March 2014 until 31 December 2014, second financial year from 1 January 2015 until 31 December 2015.

The reason why the financial year is shorter, has an impact on the deadlines for the prepayments. During a shorter financial year less prepayments have to be made.

### Shorter financial year following earlier closing or dissolving and liquidation

Depending on the quarter in which the financial year closes, the number of prepayments to be made changes as well as the dates:

- Closing in the first quarter: one prepayment - full on 10 April;
- Closing during the second quarter: two prepayments - each time half on 10 April and 10 July;
- Closing during the third quarter: three prepayments - each time one-third on 10 April, 10 July and 10 October;
- Closing in the fourth quarter: four prepayments - each time a quarter on 10 April, 10 July, 10 October and 20 December.

If one of these days is a Saturday, Sunday or holiday, the deadline is postponed to the first working day: e.g. in 2015 10 October is a Saturday, so the deadline is 12 October.

If the company with a shorter financial year additionally does not follow the calendar year, the above dates are shifted. The prepayments then have to be made in respectively the tenth day of the fourth, seventh and tenth month and the twentieth day of the last month of their normal financial of twelve months.

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**Example**

The nv X has usually an financial year from 1 April until 31 March. Normally X should make prepayments on 10 July (tenth of the fourth month), 10 October (tenth of the seventh month), 10 January (tenth of the tenth month) and 20 March (twentieth of the twelfth month). This financial year is however closed earlier.

- X closes in May (=first quarter): X should make one prepayment on 10 July;
- X closes in September (=second quarter): X should make two prepayments - each time half on 10 July and 10 October;
- X closes in November (=third quarter): X should make three prepayments - each time one-third on 10 July, 10 October and 10 January;
- X closes in February (=fourth quarter): X should make four prepayments - each time a quarter on 10 July, 10 October, 10 January and 20 March.

**The financial year is shorter due to the start of a professional activity**

The scheme is the mirror image of the scheme for a company ceasing its activities. Depending on the quarter in which you start, more or less prepayments are obliged.

Depending on the quarter in which the financial year start, the number of prepayments and their due dates vary:

- Start in the first quarter: four prepayments - each time a quarter on 10 April, 10 July, 10 October and 20 December;
- Start in the second quarter: three prepayments - each time one-third on 10 July, 10 October and 20 December;
- Start in the third quarter: two prepayments - each time half on 10 October and 20 December;
- Start in the last (fourth) quarter: one prepayment - full amount on 20 December.

If one of these dates is a Saturday, Sunday of holiday, the due date shifts to the next working day: e.g. in 2015 10 October is a Saturday, so the deadline is 12 October.

If the company with a shorter financial year additionally does not follow the calendar year, the above dates are shifted. The prepayments then have to be made in respectively the tenth day of the fourth, seventh and tenth month and the twentieth day of the last month of their normal financial year of twelve months.

**Example**

The nv X closes on 31 March. Depending on the moment the company starts, the following due dates apply:

- X started in May (=first quarter): X should make four prepayments on 10 July, 10 October, 10 January and 20 March;
- X started in September (=second quarter): X should make three prepayments - each time one-third on 10 October, 10 January and 20 March;
- X started in November (=third quarter): X should make two prepayments - each time half on 10 January and 20 March;
- X started in February (=fourth quarter): X should make one prepayment - full amount on 20 March.