

## Closing date financial year: fixed date or fixed day?

In Belgium it is the habit to close the financial year on a fixed date. Since there is no explicit legislation, the Commission for Accounting Standards allows that the start and the closing of the financial year is set on a fixed day of a given month. Since the use of a variable date differs from the most important habit in Belgium, a number of conditions have to be met.

### General rule: fixed closing date

In Belgium a lot of companies choose to close their financial year on a fixed date, e.g. 31 December so that their financial year is the same as the calendar year. This is easy to comply with a number of annual obligations, such as the VAT listing or drafting tax slips which should be made on a calendar year basis.

### Exception: variable date ...

Companies can foresee in their articles of association that their financial year does not end on a fixed date (e.g. 5 February), but on a given day of a given week in a given month (e.g. the first Saturday of February).

A split financial year can be useful for companies with a seasonal turnover (e.g. agriculture) and for Belgian companies which are a daughter company of a foreign company. The daughter company within the international group then follows the closing date of the mother company.

### ... when complying with certain conditions

Since the method to use a variable closing date differs from the most important habit in Belgium and to avoid abuse, the Commission for Accounting Standards states that the following conditions should be fulfilled:

- the company can motivate this method with specific arguments;
- the closing date (and opening date) should be determined in a predefined clause in the articles of association following an objective method which cannot be manipulated;
- the used method can only deviate from the financial year with maximum one week;
- the comparability of the annual figures cannot be jeopardised. If not the figures of the previous financial year should be modified or explanatory notes should be added in the annual accounts to make the comparison possible.

### Technical problems?

Watch up, when using such methods technical problems may occur when complying with administrative formalities. On the application form for the Banque-Carrefour des Entreprises (the business database) a fixed closing date is mentioned ...