

Are you ready for the SEPA deadline?

As from 1 February 2014 within the SEPA zone only the European bank account number can be used. For bank transfers and automatic bank transfers which you send to your bank electronically, you should use the specific SEPA standards. Banks can help you migrating, but you have to do most of the work yourself. Which steps are needed in order to have your administration and management ready in due time?

European bank account number - IBAN structure

SEPA or the Single Euro Payments Area wants to create a unique euro-payments area. This implies the use of a legal framework and European standards replacing national rules and standards. That's why the national bank transfers are replaced by the European bank transfer, the SEPA credit transfer, and the national automatic bank transfer by the European automatic bank transfer, the SEPA Direct Debit. As from 1 February 2014 all citizens, companies and governments within the SEPA zone can perform and receive payments in euro under the same conditions and with the same rights and obligations. Within SEPA, in total 33 countries are united: all countries within the European Union and Norway, Iceland, Liechtenstein, Switzerland and Monaco.

The European bank transfer document was already introduced on the Belgian market in January 2008. On the European bank transfer document the IBAN and BIC codes should be mentioned. The IBAN code (International Bank Account Number) is used to identify the bank account. Per country there is a fixe length (maximum 34 characters). In Belgium the IBAN code has 16 characters with the following structure: BE followed by 2 numbers, on their turn followed by 12 numbers of the bank account number (e.g. the Belgian bank account number 539 0075470 34 will in IBAN be BE68 5390 0754 7034). You can find the IBAN code of your Belgian bank account on your bank account slips. The BIC code (Bank Identifier Code) is needed to identify the bank of the beneficiary. All of the approximately 6000 European banks have their own code. The BIC code consists out of 8 or 11 characters (e.g. BANKBEBB). As from 1 February 2014 you should no longer mention the BIC code for national bank transfers. As from 1 February 2016 the BIC should no longer be mentioned for all European bank transfers.

Changes for your company?

To have your administration and management ready by 1 February 2014, a number of steps are necessary.

1. Draft an action plan: List the changes for your company. The use of IBAN as bank account number means you should adapt all communication means on which the bank account number is mentioned. When you work in different countries, your company can suffice with one bank account for all euro payments.
2. Determine the due date: Until 1 February 2014 there is a transfer period, in which both the Belgian as well as the European standards apply. Consequently you can already now use the new payment products. Remember to make a backup plan to avoid cash flow problems in the future. At this time there are no signs that the due date will be postponed. It will help nobody to have reputation damage when one cannot comply with the obligations by 1 February 2014. Additionally a backlog of non-processed payments can occur with the bank leading to cash flow problems if you cannot make the deadline.

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3. Inform your contacts: You should share your IBAN and your migration date with your employees, customers, suppliers and other contacts. Collect IBAN's of your customers and contacts and amend these in your administration.

4. Contact your software suppliers: Who used software for its accounting and management should have all databases containing bank account numbers migrated to IBAN. The migration to the European bank transfer means using the XML standard for all outgoing transfer instruction to your bank.

5. Point of attention: European automatic bank transfer With the European bank transfer you can use automatic bank transfers through Europe in euro as easily as in Belgium. Next to the European automatic bank transfer for everybody, private persons as well as companies (named Core), there is a version to transfers between professional users (business-to-business or B2B). As the latest on 1 February 2014 automatic bank transfers are no longer managed by your bank, but by yourself. The procedure differs whether you use the automatic bank transfers for making payments or receiving payments. Also the customer protection is strengthened: your customer will as from 1 February 2014 have the possibility to determine a maximum amount and periodicity for automatic bank transfers. He can also decide which supplier he allows to receive his automatic bank transfers.

On the website of the National Bank of Belgium (www.nbb.be) practical documentation on SEPA is available. Practical guidelines can also be found on www.sepabelgium.be.

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