

## Prepayments 2016: increase percentage unchanged compared to last year

Companies making no or insufficient prepayments will have to pay a tax increase. The increase percentage is determined every year. For the prepayments of this year (income 2016, tax year 2017) the same percentage as last year applies. This percentage amounts to 1,125%.

### Who should prepay?

All tax payers receiving profits or benefits, should make prepayments. These are a.o. entrepreneurs and liberal professions (for personal tax purposes) and all forms or companies (for corporate tax purposes).

Starting enterprises (individuals and small companies) are exempt for making prepayments during the first three years.

### When to prepay in 2016?

For companies closing their annual accounts on 31 December, the following due dates apply to make prepayments:

- prepayment 1: 11 April 2016;
- prepayment 2: 11 July 2016;
- prepayment 3: 10 October 2016;
- prepayment 4: 20 December 2016.

### Increasing percentage for 2016 (tax year 2017)

The percentage amounts to 1,125%, as was also the case for 2015 (tax year 2016).

### In practice: increase when no/insufficient prepayments by the company

NV TooLate has to pay 80.000€ tax for tax year 2017, but makes no prepayments. TooLate owes the following increase:  $80.000€ \times 1,125\% = 900,00€$ .

By making prepayments, NV TooLate can avoid the potential increase. Each prepayment decreases the amount of the increase. This is calculated by taking a percentage of the prepayment (PP). These percentage are: 1,5% (PP1), 1,25% (PP2), 1,00% (PP3) and 0,75% (PP4).

NV TooLate can avoid the (hypothetical) increase by making the following prepayments throughout the year:

- PP 1:  $10.000 \times 1,5\% = 150,00€$
- PP 2:  $50.000 \times 1,25\% = 625,00€$
- PP 3:  $12.500 \times 1,00\% = 125,00€$
- PP 4:  $0 \times 0,75\% = 0,00€$
- Total = 900€

With these prepayments the NV TooLate has eliminated the increase completely.