

# Changes to quarterly instalment payments

A new quarterly instalment payments (QIPs) regime for very large companies commenced for accounting periods beginning on or after 1 April 2019.

For accounting periods beginning on or after 1 April 2019, very large companies will be required to make payments four months earlier than they are currently required to do.

For a 12-month accounting period, payments will therefore be due in months 3, 6, 9 and 12 of the period to which the liability relates, as opposed to months 7, 10, 13 and 16 under the current 'large' company rules.

Only 'very large' companies are affected by the changes and these are defined in the regulations as companies whose annual taxable profits exceed £20 million.

As with the current large company rules this threshold is adjusted if the company is a member of a group or has an accounting period shorter than 12 months.

For example if there are 5 related group companies in the group the threshold for the new regime rules to be applicable will be, £20 million divided by 5, i.e. £4 million.

For companies with annual taxable profits of £20 million or less, payment dates will not change.

Payments of the bank levy by financial services companies or ring fence corporation tax (CT) by oil and gas companies will be unaffected by these changes.

The key impact of these changes for companies classed as 'very large' under the new rules will be on cash flow. Not only will QIPs now be payable earlier, but in the first year the new regime will be applicable, the first QIP will be due before the final QIP of the previous accounting period subject to the old regime, and only two months after the third QIP.



For example very large companies with a 12 month accounting period ended December, payments will be due as follows;

	Old regime - y/e 31 Dec 2019	New regime - y/e 31 Dec 2020
QIP 1	14 July 2019	14 Mar 2020
QIP 2	14 Oct 2019	14 June 2020
QIP 3	14 Jan 2020	14 Sept 2020
QIP 4	14 Apr 2020	14 Dec 2020

Companies should ensure they plan for the implications this change could have on cash flow. In addition, forecasting taxable profits at such an early stage in the accounting period could cause issues for companies.

If a company's annual taxable profits exceed £20 million for the first time it will fall immediately into the new regime for that accounting period, i.e. there is no 'period of grace'.

Please note that this factsheet is for general information purposes only. Professional advice should be obtained before action is either taken or refrained from as a result of information contained herein.  
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