



Corporation Tax - Quarterly Instalment Payments (QIPs)

What are Quarterly Instalment Payments (QIPs)?

Corporation Tax, the company equivalent of income tax, is currently set at 19% and is usually paid within 9 months and one day after the accounting period of your previous financial year. However, if your company has profits over or just below £1.5m in an accounting period you may fall into the Quarterly Instalment Payments (QIPs) regime and be required to pay your [Corporation Tax in quarterly instalments](#).

When does this not apply?

There are some exceptions to consider which could create exemptions from the QIPs scheme:

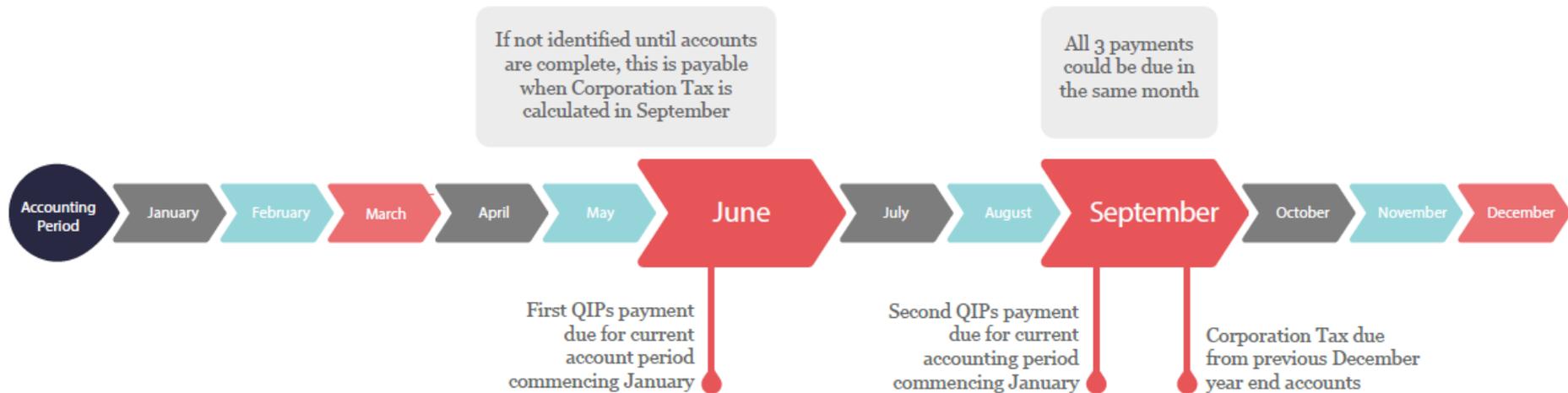
- If the Corporation Tax liability for the accounting period is less than £10,000
- If profits for the accounting period do not exceed £10m and either of the following applies:
 1. At any time during the previous 12 months the company did not exist or did not have an accounting period;
 2. If for any accounting period which ended in the previous 12 months, either the company's annual rate of profit did not exceed the £1.5m threshold, or its annual rate of tax liability did not exceed £10,000 (reduced by the number of 51% group companies plus one, if applicable)

What is the key issue?

For many companies the transition to QIPs can cause a significant cash flow burden. Companies moving from paying annually to paying in instalments will have to pay a Corporation Tax bill for the full year as well as two quarterly instalments within 4 months.

For example, for the year ending 31st December 2018, a Corporation Tax liability will be due on 1st October 2019, and the QIPs for year 2019 will be due on the 14th July 2019 and 14th October 2019.

Payment transition example



The due date for quarterly payments will be different for companies with an accounting period shorter or longer than 12 months. Failure to pay quarterly instalments on time might result in penalties and / or interest payable.



Calculating QIPs

When calculating instalment payments, a company will need to estimate their Corporation Tax liability for the accounting period within the first 6 months of the accounting year. They can then deduct all reliefs, such as Research and Development adjustments to arrive at their total liability. This only applies to SME companies.

QIPs can be adjusted during the year if the estimate of the Corporation Tax liability changes. The payments can then be topped up or reduced accordingly.

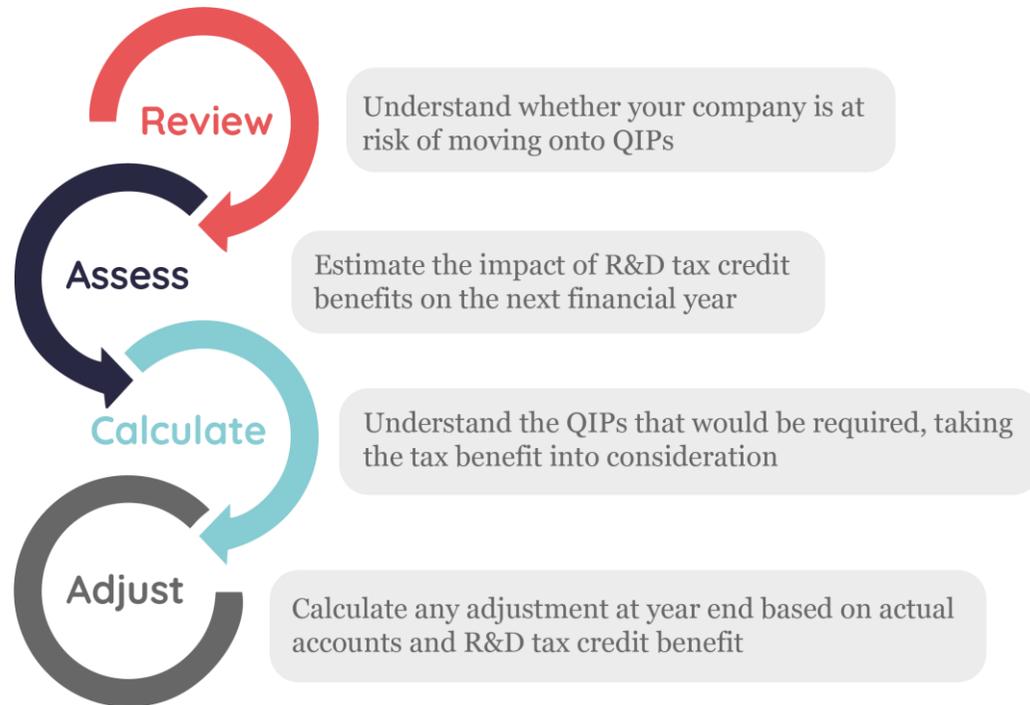
For companies with a 12 month accounting period and profits over £1.5m, quarterly instalments will be due as follows:

- 6 months and 13 days after the first day of the accounting period
- 3 months after the first instalment
- 3 months after the second instalment (14 days after the last day of the accounting period)
- 3 months and 14 days after the last day of the accounting period

How can we help?

[R&D Tax Credit](#) relief can reduce or even prevent you from paying quarterly instalments. MPA can help estimate your claim value and as part of our service we will work with your accountants to identify the amounts before the payment due date, avoiding any penalties and interest payable.

Our process



If you think your company may be affected by the Quarterly Instalment Payments regime, [get in touch](#) today and speak to one of our advisors.