



# 3 Things you should know about Tax Advances

Luxembourg Companies have to pay quarterly tax advances for Corporate Income Tax (CIT), Municipal Business Tax (MBT) and Net Wealth Tax (NWT) upon request from the Luxembourg tax authorities (LTA).



## How are the tax advances determined?

Corporate entities receive every year a tax advance schedule summarising the requested CIT, MBT and NWT advances (if any).

The amount of the tax advances is determined based on the information available to the LTA, such as the last tax assessment. Indeed, further to the issuance of each tax assessment, the LTA automatically update the requested tax advances based on the last tax charges calculated.

At the occasion of the tax assessment, tax advances previously paid for a given year are automatically deducted from the corresponding tax charges. Only the remaining balance has to be settled (if any).



## What is the deadline for the tax advance payment?

The tax advances have to be paid on a quarterly basis before the following deadlines:

CIT	MBT	NWT
10 March	10 February	10 February
10 June	10 May	10 May
10 September	10 August	10 August
10 December	10 November	10 November

In case of late payment of the tax advance, the LTA will apply 0.6% late interest per month, as from the month following the one during which the tax advance was due.

In order to avoid any payment omissions and depending on the Company's cashflow, the whole amount of tax advances or several tax advances could also be settled in a single installment before the quarterly deadlines.



## What should be mentioned on the payment order?

To ensure a proper allocation of the amounts paid to the LTA (i.e. for amounts paid to be allocated to the correct taxes and entities), the following information should be mentioned on the payment order: (i) Company's tax number (11 digits) – (ii) category of tax (CIT, MBT, NWT) – (iii) the concerned period.

For example, the communication for the payment of the NWT advance for the first quarter 2022 should be the following: 2020 1234 567 – NWT advance – Q1 2022.

Please be informed that for tax advances, the periodicity follows the calendar year, irrespective of the accounting year-end of the Company.

For additional information, you may contact:



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