

Choosing your business' fiscal year

 By [Sophie Baker](#)

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When starting a business, you will need to elect when your fiscal year starts and ends.

Your first financial year end may not be more than 15 months after the date of incorporation of the company. However, it is very simple to change your financial year end to suit you, so how do you make the decision?



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You could follow a calendar year, but it is probably not recommended as this is the time to file tax returns and most South Africans take their leave over this period. In South Africa the fiscal year for the Government of South Africa starts on 1 April and ends 31 March - for individuals, the tax assessment period begins on 1st March and ends on the 28 or 29th of February. Therefore, many newer businesses are opting to have their financial years run over the same period in order to coincide with the individuals' tax year.

A lot of established businesses start their new fiscal year on July 1st, a system which was inherited from the British some time ago. If you are likely to be pitching to lots of bigger and established businesses for your services and products, it might make sense to align your fiscal periods. While not necessary, it makes it easier for you to pitch at opportune times; for example, when both you and them are doing your budget for the following year.

Finally, take into consideration your lifestyle and personal commitments. If you have a tradition of going on holiday every July for two weeks, then it would not be a good idea to have your fiscal year starting or ending around this period. Allow yourself plenty of time to do the admin and paperwork needed - so if there is a regular 'quiet period' for you, consider aligning your fiscal year to it. ?

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