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Media contact:
HMRC Press Office (Business)
03000 585028 or 03000 585030
Out-of-hours: 07860 359 544

Statistical contacts:
Will Jones - Receipts
ct.statistics@hmrc.gsi.gov.uk

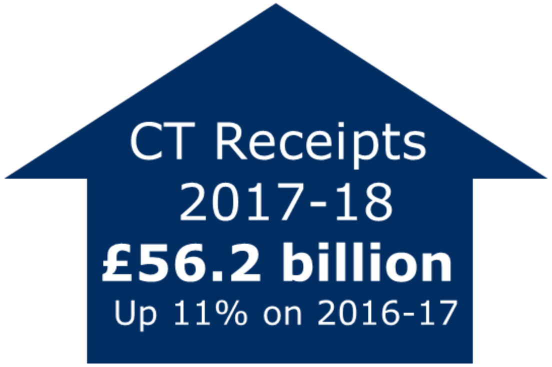
Louise Bradford - Liabilities
ct.statistics@hmrc.gsi.gov.uk

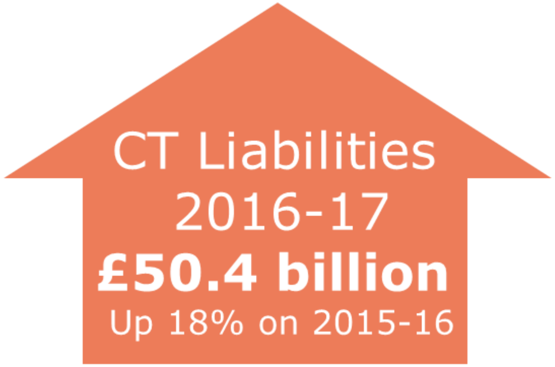
Knowledge Analysis & Intelligence : Direct Business Taxes,
HM Revenue & Customs,
Room 2/45, 100 Parliament Street, London SW1A 2BQ

Website:
https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics

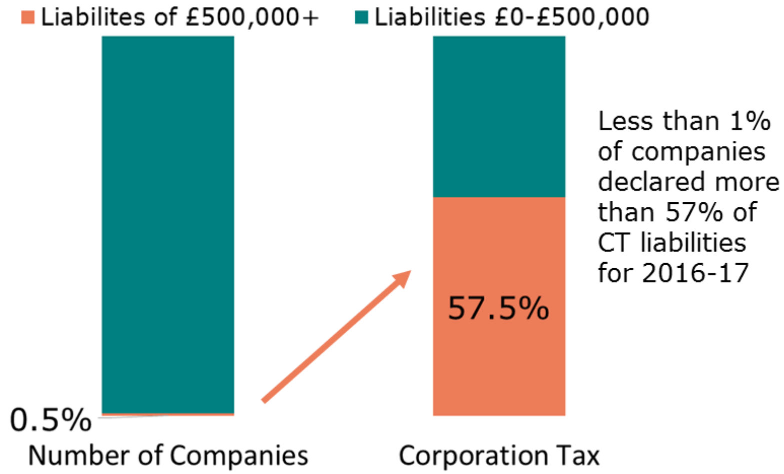
Analyses of Corporation Tax receipts and liabilities, Bank Levy and Bank Surcharge

Key Statistics

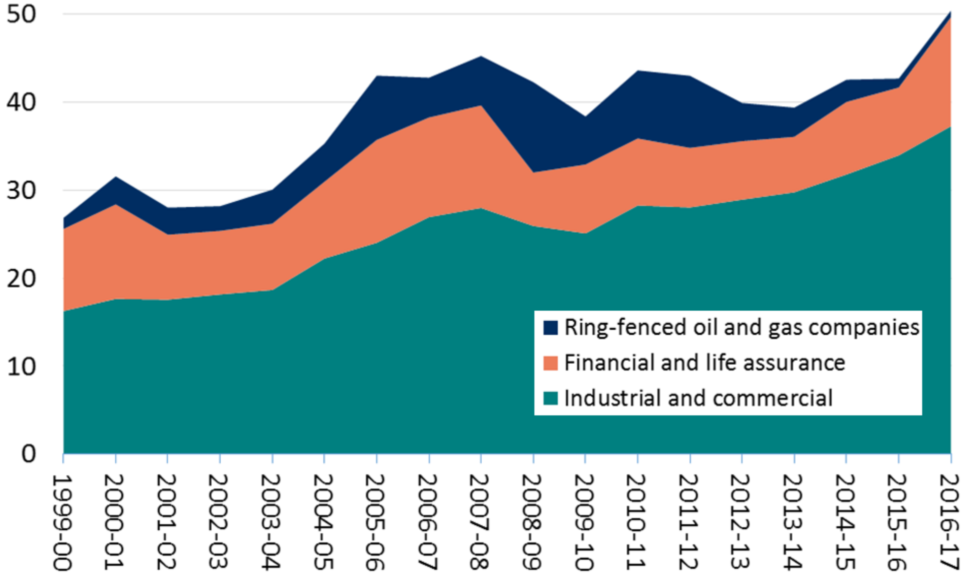




Corporation Tax Liabilities by Size 2016-17



Corporation Tax Receipts (£ billions)



New Corporation Tax trends

- There were almost 1.5 million companies with CT liability in 2016-17, up 9% from the previous year.
- CT liabilities for the Finance and Insurance sector increased by 60% (from £7.8 billion in 2015-16 to £12.4 billion in 2016-17).
- CT Bank Surcharge Receipts increased by 55%, from £1.1 billion in 2016-17 to £1.8 billion in 2017-18.
- Bank Levy Receipts decreased by 7%, from £3 billion in 2016-17 to £2.8 billion in 2017-18.
- CT liabilities from ring-fenced oil and gas companies has continued to decrease in 2016-17 and has dropped below £1 billion.

Contents

About these statistics

This is a National Statistics publication produced by HM Revenue and Customs. For more information on National Statistics and governance of statistics produced by public bodies, please see the UK Statistics Authority website: (www.statisticsauthority.gov.uk).

The tables in this publication provide breakdowns of Corporation Tax (CT) receipts and CT liabilities by number, income, allowances, deductions, broad industry sector and financial year. All statistics relate to the UK. Sub-national geographic breakdowns are available as Official Statistics in a separate publication.

New and updated statistics in this release and planned improvements

This release includes the first published CT, Bank Levy and Bank Surcharge receipts figures for the financial year ending 31 March 2018 and CT liability estimates for company accounting periods ending in 2016-17. These tables are released and updated annually. For CT liability estimates figures relating to financial years from 2011-12 to 2016-17 have been revised using the latest available data, but no updates have been made to earlier years' data.

Since CT returns are submitted up to twelve months after the end of an accounting period, there is some delay before the estimates for a relevant year become available.

The most recent data in tables 11.1B and 11.2, which contain broad breakdowns of amalgamated industrial sectors for CT liabilities, have been based on Standard Industrial Classification (SIC) 2007 codes and a list of ring-fenced oil and gas companies.

The next scheduled release is in autumn 2019, which will show CT, Bank Levy and Bank Surcharge receipts figures for 2018-19 and CT liabilities for 2017-18.

For further details, please refer to the publication and release strategy on page 7 of this report.

SECTION 1: Introduction

What does this publication tell me?

This publication provides information about UK CT receipts and liabilities, including broad industry sector breakdowns. Section 2 gives an overview of the statistics and discusses recent trends. The remainder of the document contains the statistical tables and related commentary. The first table covers CT receipts, whilst the remaining tables focus on companies' CT liabilities based on their tax returns and assessments. The data used to produce these statistics, both for receipts and liabilities, comes from the HMRC administrative system for company taxation, COTAX. More information about the data and methodology can be found in Annex A. A glossary of terms related to CT is provided in Annex B.

This publication only includes figures for previous years. Forecasts of future CT receipts are produced and published by the Office for Budget Responsibility, and can be found on their website: http://budgetresponsibility.independent.gov.uk/.

Who might be interested?

These tables are likely to be of interest to policy makers in government, academics, research bodies and journalists. They may also be useful to individuals or organisations interested in the number of taxpayers and tax liabilities in total, and the distributions of numbers and amounts, for example by industrial sector or by size of liability.

What is Corporation Tax?

CT is a direct tax charged on the profits made by companies, public corporations and unincorporated associations such as industrial and provident societies, clubs and trade associations. It makes up approximately nine per cent of the total receipts collected by HMRC.

CT is charged on the profits made in each accounting period, i.e. the period over which the company draws up its accounts. The rates of taxation are set for the financial year from 1 April to 31 March. Where an accounting period straddles 31 March, and so potentially two different tax rates, the company profits are apportioned between the two financial years according to the amount of time that the accounting period covers in each financial year.

Taxable profits for CT include:

- Profits from taxable income such as trading profits or investment profits (except dividend income which is taxed differently).
- Capital gains – known as 'chargeable gains' for CT purposes.

Companies based in the UK have to pay CT on all of their taxable profits, wherever in the world the profits come from. Companies not based in the UK, but with branches operating in the UK, have to pay CT on taxable profits arising from their UK activities.

Taxable profits for CT purposes often differ from the pre-tax profits in the company accounts. This is partly because the CT regime has a system of capital allowances, which apply instead of depreciation charges for items such as plant and machinery. There are also other allowances, deductions and reliefs which can be applied when calculating the company's taxable profits. Particularly significant is group relief, whereby companies belonging to a group can surrender their trading losses to offset against the profits of another group member.

A more detailed explanation of the main features of CT is given in section 3 of this document.

The current and historic rates of CT since 1971 are shown in Table A.6.

Changes to the rate of CT for non-ring-fenced profits are outlined below:

- From 1 April 2008, the main rate was reduced from 30 per cent to 28 per cent, and the small companies' rate was raised from 20 per cent to 21 per cent.
- From 1 April 2011, the main rate was reduced to 26 per cent and the small profits rate (formerly known as small companies' rate) was reduced to 20 per cent.
- From 1 April 2012 the main rate was reduced to 24 per cent.
- From 1 April 2013 the main rate was reduced to 23 per cent.
- From 1 April 2014 the main rate was reduced to 21 per cent.
- From 1 April 2015, there is a unified rate of CT of 20 per cent rather than separate main and small profits rates.
- On 1 April 2017 the unified rate was reduced to 19 per cent.

User engagement

We are committed to providing impartial, high quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our official statistics and identify gaps in the statistics that we produce. Please see the following link for HMRC Statistics: Continuous User Engagement Strategy.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278751/HMRC_statistics_continous_user_engagement.pdf

If you would like to comment on these statistics or have any enquiries on the statistics please use the statistical contacts named at the end of this section.

In 2014 all HMRC statistics moved to the GOV.UK website, see: https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics

UKSA Assessment

These statistics have been assessed for compliance with the Code of Practice for Official Statistics by the UK Statistics Authority (UKSA). The assessment report is available on the UKSA website: http://www.statisticsauthority.gov.uk.

UKSA is an independent body directly accountable to Parliament with the overall objective to promote and safeguard the production and publication of official statistics. It is also required to promote and safeguard the quality and comprehensiveness of official statistics and good practice in relation to official statistics.

Publication and revision strategy

Table 11.1A on CT receipts and tables 11.1B to 11.10 on CT liabilities are published annually to coincide with the availability of final receipts figures for the previous financial year.

For the receipts figures (table 11.1A), the splits between trade sectors for the past two previous years, but not the overall totals, are subject to revision as the allocation of payments within company groups is finalised.

For the remaining tables covering liabilities, the figures for the five years preceding the latest published year will be revised using the latest available data, but earlier years will not be updated.

In accordance with the Code of Practice for official statistics, the exact date of publication will be given not less than one calendar month before publication on both the HMRC National Statistics website and UK Statistics Hub. Any delays to the publication date will be announced on the HMRC National Statistics website.

Contact points:

Please see the media and statistical contacts listed on the first page of this publication.

SECTION 2: Summary of key statistics

This section gives an overview of the statistics and ends with a brief discussion of the factors influencing the amount of CT paid.

Corporation Tax, Bank Levy and Bank Surcharge receipts

Receipts are amounts of CT, Bank Levy and Bank Surcharge collected by HMRC in a given financial year. These can relate to liabilities from the same financial year or from earlier years. The receipts do not include Diverted Profit Tax charging notices as this is a different head of duty. Additional CT arising from behavioural change by businesses in response to the introduction of the Diverted Profit Tax will be included in these receipts. The headline statistics for CT receipts are:

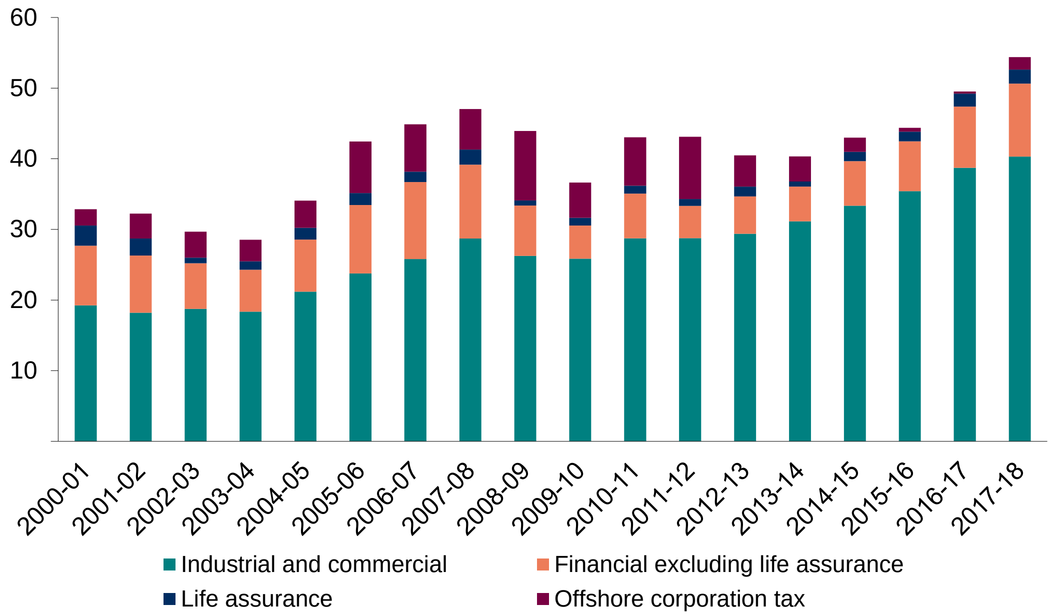
- Total net CT receipts in 2017-18 were £56.2 billion, up 11 per cent on 2016-17 (£50.7 billion). This sees CT receipts at their highest ever level.
- The Industrial and Commercial sector has contributed around three-quarters of all CT receipts since 2012-13.
- Between 2008-09 and 2011-12, Offshore CT paid by ring fence oil and gas companies overtook CT receipts from the Financial sector (excluding Life Assurance). This reflected rising oil prices and the effects of the global economic downturn on the financial sector. However, this trend has reversed in recent years with Financial Sector CT receipts exceeding Offshore receipts since 2012-13.
- The reduction in Offshore receipts since 2012-13 is due to a combination of falling production, low oil prices, high operating costs, significant levels of investment and increasing amounts of decommissioning expenditure.
- Financial sector receipts increased by 19 per cent, from £8.7 billion in 2016-17 to £10.3 billion in 2017-18. This increase is partly due to higher taxable profits made by banks. In addition, restrictions have been introduced to limit the deduction of past losses against profits in banks CT calculations.
- Manufacturing sector receipts increased by 12 per cent, from £4.3 billion in 2016-17 to £4.9 billion in 2017-18.
- Distribution sector receipts increased by 5 per cent, from £5.2 billion in 2016-17 to £5.5 billion in 2017-18.
- Receipts from other industrial and commercial sector companies increased by 2.6 per cent, from £29.2 billion in 2016-17 to £29.9 billion in 2017-18.
- Life Assurance sector receipts increased by 7.6 per cent from £1.8 billion in 2016-17 to £2.0 billion in 2017-18.
- Offshore CT receipts, paid by ring fence oil and gas companies, increased from £0.3 billion in 2016-17 to £1.8 billion in 2017-18.

- Bank Levy receipts have decreased from £3.0 billion in 2016-17 to £2.8 billion in 2017-18. This followed a decrease from £3.4 billion in 2015-16 to £3.0 billion in 2016-17. A series of annual reductions to Bank Levy rates starting from January 2016 is the main reason for these reductions.

- Bank Surcharge is a new tax introduced from 1 January 2016. Bank Surcharge receipts were £1.8 billion in 2017-18, a 55% increase compared to 2016-17, when it was £1.1 billion. The majority of banks did not pay Bank Surcharge until July 2016, so 2016-17 represents less than 12 months of receipts. This explains why there is a large increase in Bank Surcharge in 2017-18 as it is the first full year of receipts.

Chart 1 shows the changes in net CT receipts since 2000-01. CT receipts have increased in each year since 2013-14.

Chart 1. Corporation Tax net receipts by sector 2000-01 to 2016-17 (£billions)



Corporation Tax liabilities

Liabilities are the amounts of CT due for companies' accounting periods ending in a given financial year.

The main headline statistics from CT liabilities tables 11.1B to 11.10 are the following:

- Total CT liabilities were £50.4 billion in 2016-17, compared with £42.7 billion in 2015-16, an increase of 18 per cent (Table 11.1B).
- CT liabilities from ring-fenced oil and gas companies decreased from £1 billion in 2015-16 to £740 million in 2016-17, a drop of 27 per cent. This reduction is due to a combination of falling production, low oil prices, high operating costs, significant levels of investment and increasing amounts of decommissioning expenditure (Table 11.1B).
- Onshore CT liabilities (i.e. from companies other than ring-fenced oil and gas companies) increased from £41.7 billion in 2015-16 to £49.6 billion in 2016-17, a 19 per cent increase (Table 11.1B).
- The number of companies with trading profits in accounting periods ending in 2016-17 was up 6.4 per cent on the previous year to 1.6 million. The number with a tax liability in 2016-17 was up 8.8 per cent to 1.5 million (Table 11.3).
- The distribution of companies' tax liabilities is highly skewed. In 2016-17, about 8,000 companies (under 1 per cent) had liabilities of £500,000 or more and they contributed around 58 per cent of total CT payable (Table 11.6).
- Companies with liabilities of less than £10,000 comprised about two-thirds of all companies liable for CT in 2016-17, but accounted for only around 7 per cent of total CT payable (Table 11.6).
- In 2016-17 the Professional, Scientific and Technical sector had the largest number of companies with a CT liability (around 323,000). This was followed by the Construction sector (185,000 companies) and the Information and Communication sector (176,000 companies) (Table 11.7).
- In 2016-17 the Financial and Insurance sector had around 39,000 companies with a CT liability (2.7 per cent of all companies) but contributed around £12.4 billion of total liabilities (24.7 per cent), including £1.1 billion of bank surcharge (Table 11.7).
- Claims for Capital Allowances on qualifying assets in 2016-17 were down £2.3 billion (2.5 per cent) on 2015-16 to £88.8 billion (Table 11.10).

- By value, 89 per cent of Capital Allowances claims in 2016-17 were in respect of allowances on plant and machinery (including Annual Investment Allowance). These claims have increased by £1.2 billion (23 per cent) from 2015-16 (Table 11.10).

Financial sector (excluding life assurance), recorded the largest ever amount (£10.2 billion) of CT liabilities in 2016-17. However, CT liabilities for the Ring fenced oil and gas sector in the same year fell to their lowest levels (£740 million). This reduction is due to a combination of falling production, low oil prices, high operating costs, significant levels of investment and increasing amounts of decommissioning expenditure.

Chart 2 shows CT liabilities since 1999-00 by broad industry sector.

From 2002-03 onwards total CT liabilities rose steadily to a peak in 2007-08, but then fell in 2008-09 and 2009-10 as a result of the global financial crisis and subsequent recession. Liabilities have increased over the last few years reaching a high of £50 billion in 2016-17. Between April 2007 and April 2015 the main CT rate fell from 30 per cent to 20 per cent and has since fallen to 19 per cent from April 2017.

Industrial and commercial companies have the highest CT liability, on average accounting for almost three quarters of total CT liabilities in recent years.

Financial sector (excluding life assurance), recorded the largest ever amount (£10.2 billion) of CT liabilities in 2016-17. However, CT liabilities for the Ring fenced oil and gas sector in the same year fell to their lowest levels (£740 million). This reduction is due to a combination of falling production, low oil prices, high operating costs, significant levels of investment and increasing amounts of decommissioning expenditure.

Chart 2. Corporation Tax liabilities, by sector, 1999-00 to 2016-17 (£ billions)

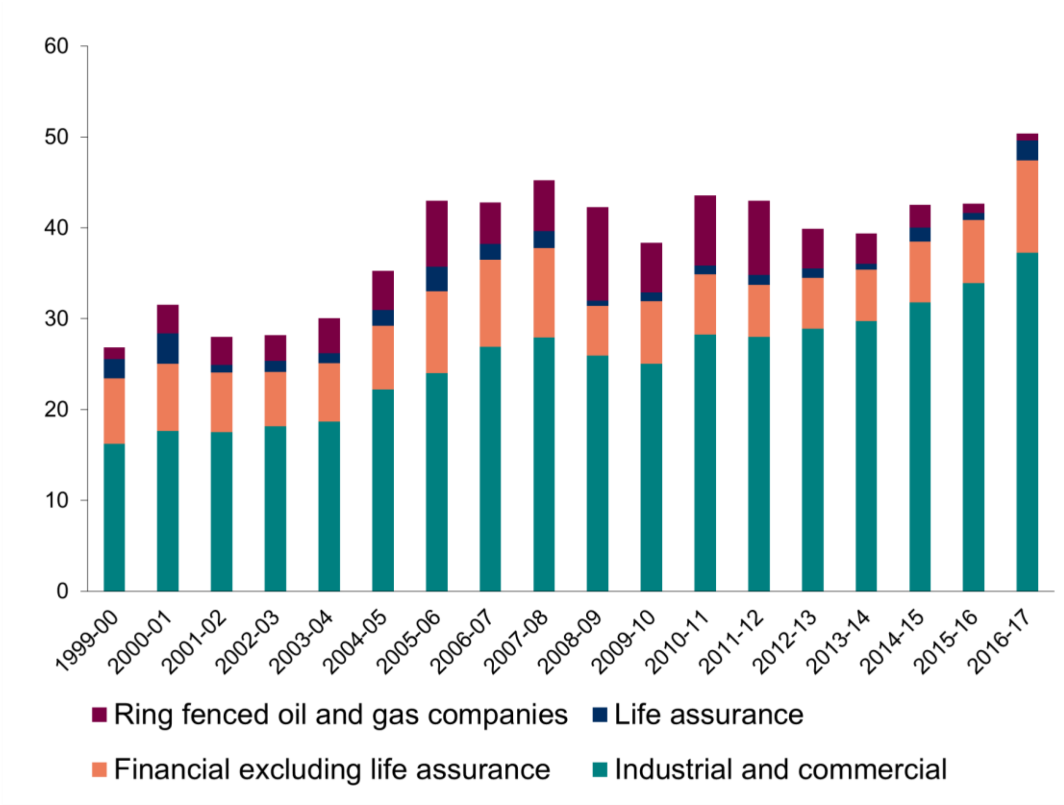
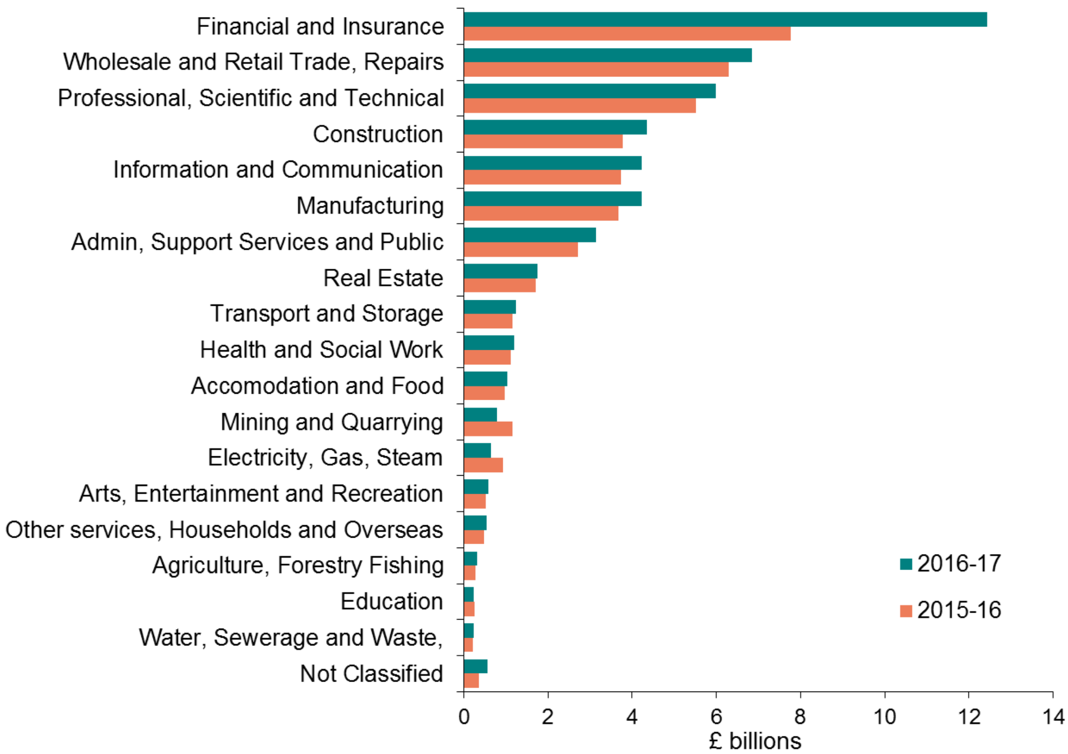

60
50
40
30
20
10
0
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
Ring fenced oil and gas companies
Life assurance
Financial excluding life assurance
Industrial and commercial

Chart 3 shows a breakdown of CT liabilities by Standard Industrial Classification (SIC) 2007 industry sectors for 2015-16 and 2016-17.

In 2016-17, the Financial and Insurance sector was the largest single contributor with liabilities of £12.4 billion. In 2015-16 it was also the largest with £7.7 billion. The significant increase in 2016-17 is partly due to the introduction of bank surcharge, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016, and increases in taxable profits made by banks. In addition, restrictions have been introduced to limit the deduction of past losses against profits in banks CT calculations.

In 2016-17 there was once again a drop in the Mining and Quarrying sector and a drop in the Electricity, Gas, Steam and Air Conditioning sector compared with the previous year (Table 11.7).

Chart 3. Corporation Tax liabilities by industry, 2015-16 and 2016-17 (£ billions)



Factors influencing Corporation Tax liabilities and receipts

Changes in CT rates and related policies affect the amount of CT that companies are liable to pay.

CT receipts can also be influenced by factors such as changes in payment deadlines and the approaches taken by HMRC in dealing with late payment or non-payment.

Wider economic conditions, such as periods of strong growth or recession, will also affect the profitability of companies and influence their CT liability. Changes in CT rates in other countries can lead to large multinational companies increasing, or decreasing, their level of operations in the UK, and such changes can have an impact on the total liability figures.

Costings for policies affecting CT are published at each Budget, which indicate the estimated impact of each tax policy change. The policy costings documents for previous Budgets can be found at the GOV.UK website:

https://www.gov.uk/search?q=budget&show_organisations_filter=true&filter_organisations%5B%5D=hm-treasury

SECTION 3: Corporation Tax receipts

Background

Table 11.1A has historically been updated and released bi-annually after the published CT forecasts in the autumn and spring. Previously it has included forecasts of CT receipts, but when the Office for Budget Responsibility was formed, they became responsible for publishing CT forecasts. This table is now published annually by the autumn and an update to the sector split is published in the following spring.

Before October 2011, a single Table 11.1 contained information on both receipts and liabilities. To make the presentation clearer for users, this information is now split into separate tables 11.1A and 11.1B.

Tax Credits

The European System of National and Regional Accounts was updated with effect from September 2014 (ESA 2010, http://ec.europa.eu/eurostat/web/esa-2010). Under the previous system, tax credits were classified as offsets against receipts, but under the new system tax credits are to be shown separately as expenditure by HMRC. The change results in an increase in receipts (and liabilities) that is fully offset by an increase in expenditure by HMRC. The back series of CT receipts has been amended to reflect the change in accounting. Total CT receipts are higher by the value of reduced liability tax credits in each year from 2002-03 when compared to the previous version. The yearly figures can be found in a footnote in Table 11.1A.

Table 11.1A Corporation Tax, Bank Levy and Bank Surcharge net receipts, 1999-00 to 2017-18

This table depicts net receipts of CT (receipts after repayments) in each financial year from 1999-00 onwards, with a broad industry sector split.

Receipts statistics may be revised following the end of the financial year when an annual reconciliation of receipts recorded for each tax/duty takes place ahead of publication in the HMRC Trust Statement. From this point the total receipts figure is final, but the split between sectors may change over the next few years. This is because of the time taken before information on how corporate groups have allocated their overall payment between member companies in different sectors is finalised. The receipts data is aggregated by financial year.

The Bank Levy was introduced from 1 January 2011 and the Bank Surcharge was introduced from 1 January 2016. Liabilities and receipts for these taxes are recorded on the HMRC COTAX system. All companies subject to the Bank Levy and Bank Surcharge are deemed to be 'large companies' for payment purposes and therefore all liabilities are paid as quarterly instalments under the same provisions as CT. Bank Levy payments began to be received during 2011-12, and Bank Surcharge payments began to be received from January 2016.

The total CT net receipts figures are checked for consistency with the latest financial outturn position (whether before or after finalisation of the HMRC Trust Statement, depending on the timing of the release). Receipts figures are subject to ongoing quality assurance and daily scrutiny as part of the HMRC role in monitoring the public sector finances.

In 1999, there were major changes to the way in which CT payments were made. For an accounting period ending in June 1999 or earlier, Advance Corporation Tax (ACT) was levied on any dividend payments by the company, usually in the following quarter. Mainstream Corporation Tax (MCT) was then due nine months and a day after the end of the accounting period, allowing for any ACT already paid (ACT set off). For accounting periods ending July 1999 or later there is no ACT; however, large companies were required to make quarterly instalment payments (QIPs) around 5½ and 2½ months before the end of the accounting period, and around ½ and 3½ months after the end. Initially, each QIP was intended to represent 15 per cent of the company’s estimate of its likely liability for the year as a whole, with a 40 per cent balancing payment made nine months and a day after the end of the accounting period (the same point at which MCT had been payable). However, the QIP size was increased progressively, and for accounting periods ending July 2002 or later, each QIP is intended to represent 25 per cent of the company’s likely liability for the year with no balancing payment. Currently, companies making profits for any accounting period at a rate of over £1.5 million annually must normally pay by instalments. Other companies are not required to pay in instalments and must make a single payment by nine months and a day after the end of the accounting period. Special rules apply to tax payable on ring-fenced profits from oil and gas companies.

The net effect of the introduction of QIPs and the abolition of ACT has been to reduce the interval between liabilities accruing and payments being made. The majority of each year’s liability is now paid in the financial year corresponding to the calendar year in which the liabilities accrued, although a substantial portion is still not paid until the following financial year. The transition to QIPs exaggerated both the peak in receipts in 1999-00, and the subsequent decline relative to the underlying movements in liabilities.

The key points from Table 11.1A are summarised in Section 2 on page 8.

Table 11.1A

Corporation Tax, Bank Levy and Bank Surcharge [8]

Corporation Tax, Bank Levy and Bank Surcharge net receipts 1999-00 to 2017-18

£ millions

Corporation tax net receipts	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Onshore Corporation Tax - net receipts excluding Advance Corporation Tax (ACT) and Bank Surcharge																			
By type of payment:																			
Mainstream corporation tax	19,448	-208	-1,766	-1,574	-1,430	-872	-595	-380	230	-71	156	24	-56	-151	-91	-58	22	-7	-25
Quarterly Instalment Payments	11,989	26,316	24,765	21,111	19,910	23,019	26,394	28,169	29,032	21,875	19,650	24,274	21,868	24,164	23,165	25,537	29,673	34,123	37,219
All Other Payments	..	4,433	5,716	6,468	6,993	8,086	9,333	10,381	12,047	12,305	11,828	11,878	12,478	12,057	13,697	15,501	14,133	15,114	15,443
Total	31,437	30,541	28,715	26,005	25,473	30,233	35,132	38,170	41,309	34,109	31,634	36,176	34,290	36,070	36,771	40,980	43,828	49,230	52,637
By industrial sector[1]:																			
Manufacturing	..	5,529	5,077	4,256	3,720	4,717	4,895	4,656	4,507	3,871	4,672	5,596	4,717	5,135	4,758	4,596	4,629	4,348	4,879
Distribution	..	3,942	3,976	4,499	4,628	4,544	4,344	5,175	5,794	5,131	5,145	5,946	5,472	5,599	5,810	5,006	5,318	5,202	5,483
Other industrial and commercial[2]	..	9,769	9,146	9,991	10,005	11,912	14,517	15,979	18,418	17,256	16,044	17,200	18,565	18,643	20,579	23,749	25,481	29,175	29,943
Financial excluding life assurance	..	8,445	8,094	6,464	5,933	7,394	9,688	10,895	10,460	7,132	4,687	6,318	4,587	5,297	4,924	6,312	7,051	8,657	10,344
Life assurance	..	2,856	2,422	796	1,187	1,665	1,687	1,466	2,131	718	1,086	1,117	948	1,397	700	1,316	1,348	1,847	1,988
Total	31,437	30,541	28,715	26,005	25,473	30,233	35,132	38,170	41,309	34,109	31,634	36,176	34,290	36,070	36,771	40,980	43,828	49,230	52,637
Onshore Corporation Tax - net receipts Bank Surcharge[7]	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	22	1,145	1,778
Offshore corporation tax - net receipts excluding ACT paid by ring fenced companies exploring for and producing oil and gas																			
Mainstream corporation tax	578	-65	92	-5	-69	-60	-53	-39	4	-16	-10	35	-5	0	0	-2	-10	0	0
Quarterly instalments and balancing payments[3]	570	2,394	3,423	3,667	3,126	3,891	7,360	6,748	5,724	9,842	5,008	6,829	8,845	4,412	3,556	2,028	570	304	1,757
Total	1,148	2,329	3,515	3,662	3,057	3,831	7,307	6,709	5,728	9,826	4,998	6,864	8,840	4,412	3,556	2,026	560	304	1,757
Advance corporation tax - net receipts[4]	1,737	-449	-189	-179	-71	-33	-84	-4	-1	-8	-4	..	..	..	..	..	..	..	..
Total net receipts of corporation tax (inc. Bank Surcharge)	34,322	32,421	32,041	29,488	28,459	34,031	42,355	44,875	47,036	43,927	36,628	43,040	43,130	40,482	40,327	43,005	44,410	50,679	56,172
Bank Levy[6]	..	..	..	..	..	..	..	..	..	..	..	..	1,612	1,595	2,200	2,748	3,392	2,975	2,764

Updated September 2018

[1] To ensure that the total HMRC receipts are categorised in this table are in line with the HMRC trust statement totals, an estimate has been made of distribution of uncategorised payments between the sectors

[2] Including overseas companies.

[3] The figures for 2002-03 and subsequent years include the supplementary charge in respect of ring fence trades. The amounts are £293 million in 2002-03, £766 million in 2003-04, £1,041 million in 2004-05, £2,097 million 2005-06, £1,790 million in 2006-07, £2,326 million in 2007-08, £4,110 million in 2008-09, £2,159 million in 2009-10, £3,054 million in 2010-11, £4,126 million in 2011-12, £2,496 million in 2012-13, £1,891 million in 2013-14, £1,056 million in 2014-15, £196 million in 2015-16, £52 million in 2016-17 and £457m in 2017-18.

[4] Net receipts figures for Advanced Corporation Tax are no longer collected separately from 2010-11 onwards.

[5] The figures for 2002-03 and subsequent years are gross of tax credits given as enhanced relief. The amounts are £200 million in 2002-03, £400 million in 2003-04, £450 million in 2004-05, £550 million in 2005-06, £550 million in 2006-07, £650 million in 2007-08, £850 million in 2008-09, £800 million in 2009-10, £900 million in 2010-11, £1,000 million in 2011-12, £1,050 million in 2012-13, £950 million in 2013-14, £1,050 million in 2014-15, £1,000 million in 2015-16 and £1,000 million in 2016-17.

[6] Bank Levy is a tax introduced from 1 January 2011. Payments began to be received from 2011-12 onwards.

[7] Bank Surcharge is a CT measure introduced from 1 January 2016. Payments began to be received from January 2016 onwards.

[8] The Corporation Tax receipts do not include Diverted Profit Tax charging notices as this is a different head of duty. Additional Corporation Tax arising from behavioural change by businesses in response to the introduction of the Diverted Profit Tax will be included in these receipts.

The next scheduled release is in Autumn 2019, which will show Corporation Tax, Bank Levy and Bank Surcharge receipts to 2018-19.

SECTION 4: Corporation Tax liabilities

Tables in this section

11.1B Corporation Tax liabilities 1999-00 to 2016-17.

11.2 Income, allowances, deductions and tax liabilities by company sector, 2011-12 to 2016-17.

11.3 Corporate income, allowances and tax liabilities, 2011-12 to 2016-17.

11.4 Computation of Corporation Tax liability by industry for 2015-16.

11.5 Computation of Corporation Tax liability by industry for 2016-17.

11.6 Corporation Tax payable by size of liabilities, 2011-12 to 2016-17.

11.7 Corporation Tax payable by sector, 2011-12 to 2016-17.

11.8 Comparison of Corporation Tax liabilities between 2015-16 and 2016-17.

11.9 Capital allowances, summary 1973-74 to 2016-17.

11.10 Capital allowances due by industry, 2011-12 to 2016-17.

Background

The tables are released and updated annually. They concern where and how CT liabilities have arisen rather than how and when CT is paid. They are compiled from CT returns and assessments as recorded on the HMRC COTAX administrative system. Statistical imputation and grossing techniques are used to ensure that the estimates published are representative of the entire population.

For years shown in the tables prior to 2005-06, a stratified sample consisting of 100 per cent of 'large' companies and 10 per cent of 'small' companies' were extracted from COTAX on a monthly basis for analysis. For years shown from 2005-06 onwards, figures are based on data from 100 per cent of companies.

CT returns are allocated to financial years according to the end date of the accounting period. For large companies these end dates are generally 31 December or 31 March in respect of calendar or financial year accounting periods. CT returns are normally due twelve months after the end of an accounting period, and then it takes a further period to capture the data electronically. Allowing for this and late returns, there is some delay before the estimates for a relevant year become available. In this current release, the most recent available estimates for liabilities relate to 2016-17.

Industry breakdown

Tables 11.4, 11.5, 11.7 and 11.10 include breakdowns by industrial sectors, e.g. 'Agriculture, Forestry and Fishing'. The classification is based on the UK Standard Industrial Classification (SIC) 2007. Companies have been assigned to a SIC 2007 sector based on information from the ONS's Inter-Departmental Business Register (IDBR) survey where there was a unique match, or otherwise from information provided by companies to Companies House. Some categories have been amalgamated in order to protect taxpayer confidentiality.

In some previous releases these tables have been shown with industrial sectors based on HMRC's Summary Trade Classification (STC) codes, which were assigned by HMRC staff based on information supplied by taxpayers. STC codes were based on the Standard Industrial Classification (SIC) from 1992.

Further information about the IDBR can be found at the following link:

http://www.ons.gov.uk/ons/about-ons/products-and-services/idbr/index.html

Further information about industrial classification by the ONS and by Companies House can be found at the following links:

http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html

http://www.companieshouse.gov.uk/infoAndGuide/sic/sic2007.shtml

Tax Credits

Please see the note on Tax Credits at the start of section 3 (page 14).

All figures updated in the table for liabilities from 2011-12 have been calculated to reflect the change in accounting system.

Table 11.1B Corporation Tax liabilities, 1999-00 to 2016-17

Table 11.1B provides estimates of CT liabilities for accounting periods ending in each financial year. These estimates relate to tax accruing on profits earned in the financial year shown. The table is split into broad business categories of industrial and commercial companies, financial companies excluding life assurance, life insurance and ring-fenced oil and gas companies.

Figures for the breakdown of broad business categories for financial years from 2008-09 onwards are based on Standard Industrial Classification (SIC) 2007 codes. For financial years through to 2007-08, the broad business categories are based on HMRC's Summary Trade Classification (STC) codes.

From 2004-05 the liabilities for ring-fenced oil and gas companies shown in table 11.1B onwards are calculated using an improved methodology in line with other tables in this release. The ring-fenced oil and gas companies' figures for up to and including 2003-04 are based on the previous methodology and remain unchanged.

Key points:

1. Total CT liabilities were £50.4 billion in 2016-17, compared with £42.7 billion in 2015-16, an increase of 18 per cent.

2. CT liabilities from ring-fenced oil and gas companies decreased from £1 billion in 2015-16 to £740 million in 2016-17, a drop of 27 per cent. This reduction is due to a combination of falling production, low oil prices, high operating costs, significant levels of investment and increasing amounts of decommissioning expenditure.

3. Onshore liabilities, from companies other than ring-fenced oil and gas companies, increased from £41.7 billion in 2015-16 to £49.6 billion in 2016-17, a 19 per cent increase.

4. In 2016-17, compared to 2015-16, for industrial and commercial companies, liabilities increased by 10 per cent. For financial companies, excluding life assurance, liabilities increased by 46 per cent. This increase is partly due to higher taxable profits made by banks and the introduction of the bank surcharge where applicable. In addition, restrictions have been introduced to limit the deduction of past losses against profits in banks CT calculations. For the more volatile life assurance companies sector, liabilities increased by 188 per cent, although they were relatively low in 2015-16.

Table 11.1B

Corporation Tax

Corporation tax liabilities 1999-00 to 2016-17 [a]

Amounts: £ million

Corporation tax liabilities After ACT set off [b]	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 [d]	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 [e]	2012-13	2013-14	2014-15	2015-16	2016-17
Onshore companies																		
Industrial and commercial [c]	16,249	17,630	17,545	18,142	18,648	22,226	24,010	26,920	27,970	25,920	25,072	28,247	28,023	28,908	29,744	31,772	33,943	37,247
Financial excluding life assurance	7,205	7,436	6,518	6,014	6,465	6,988	8,990	9,603	9,801	5,477	6,843	6,631	5,725	5,590	5,659	6,700	6,936	10,161
Life assurance	2,131	3,312	869	1,211	1,077	1,741	2,705	1,726	1,844	598	993	991	1,048	1,059	654	1,542	776	2,234
Total	25,585	28,378	24,932	25,367	26,190	30,955	35,705	38,249	39,615	31,995	32,908	35,869	34,796	35,557	36,057	40,014	41,655	49,642
Ring fenced oil and gas companies	1,258	3,180	3,080	2,810	3,860	4,332	7,295	4,518	5,623	10,270	5,455	7,727	8,187	4,342	3,316	2,523	1,014	740
Total liabilities of corporation tax (after ACT set off) [f]	26,843	31,558	28,012	28,177	30,050	35,287	43,000	42,767	45,238	42,265	38,363	43,596	42,983	39,899	39,373	42,537	42,669	50,382

Updated September 2018

[a] Figures are derived from company returns with accounting periods ending in the particular financial year, i.e. 1 April to the following 31 March.

[b] See Table 11.2 for details of ACT set off, which reduced substantially following the abolition of ACT on dividends.

[c] Including overseas and companies not classified elsewhere.

[d] From 2005-06 the figures have been evaluated using data for all companies rather than a sample.

[e] From 2011-12 the figures have been revised using latest available HMRC data.

[f] Figures include bank surcharge, a Corporation Tax measure, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016. Bank surcharge liabilities were £1.1bn in 2016-17.

The next scheduled release is in autumn 2019, which will show Corporation Tax liabilities to 2017-18

Table 11.2: Income, allowances, deductions and tax liabilities by company sector, 2011-12 to 2016-17

This table provides estimates of trading profits and other income subject to tax alongside the allowances and deductions set against these profits and income, and the resulting CT liabilities. The table is split into broad business categories of industrial and commercial companies and financial companies excluding life assurance.

The table is organised to follow the main stages of the tax assessment, starting with gross taxable trading profits (or 'gross case 1 profits') reflecting the impact of the tax rules in allowing or disallowing expenses which may be recorded against profits in companies' commercial accounts. Capital allowances, as detailed in Table A.5, are then set against these trading profits, as are trading losses brought forward from previous years. Other taxable income and net capital gains are added in but then offset by any trading losses in the same period. Charges, other allowable deductions and group relief (i.e. losses surrendered by one member of a company group to set against the profits of another group member) are then subtracted, to obtain profits chargeable to CT.

The next line depicts the total CT charge, before reliefs are applied, taking into account whether the company was taxed at the main rate or the small profits rate. The following line shows marginal relief for companies with profits between the upper and lower thresholds (refer to Annex C for more detail about marginal relief). There is then ACT set off (explained in the notes to table 11.1A above), double taxation relief, which allows for tax companies which may have already paid on overseas profits in the countries where those profits were earned, and other minor adjustments.

Note that the liabilities figures in table 11.2 are consistent with those in table 11.1B, though 11.1B includes very small amounts of overseas company liabilities within the industrial and commercial category.

Key points:

1. CT liabilities, after the deduction of set-offs, are estimated to have increased by £9.2 billion between 2011-12 (£28.0 billion) and 2016-17 (£37.2 billion) for industrial and commercial companies (excluding overseas and ring-fenced oil and gas companies).

2. Financial companies (excluding life assurance) saw an increase of £4.4 billion over the same period (from £5.7 billion in 2011-12 to £10.2 billion in 2016-17).

3. In 2016-17 financial companies saw a 28.0 per cent increase in profits chargeable to CT from 2015-16 (up £10.9 billion to £49.8 billion). This was partly due to the 11.4 per cent increase in gross taxable trading profits (up £7.4 billion to £71.7 billion), and a drop in trading losses from previous years. Trading losses will have been impacted by the two bank

loss restriction measures introduced in 2015-16 and 2016-17. Bank surcharge has been levied on profits of banking companies in accounting periods beginning on or after 1st January 2016.

4. Between 2015-16 and 2016-17 gross profits from oil and gas companies fell 14 percent from £11.0 billion to £9.4 billion. There was a 28 per cent reduction in the amount of capital allowance used from £5.2 billion to £3.8 billion over this period. Profits chargeable to CT were £3.9 billion in 2016-17, a fall of 3 per cent compared to the 2015-16 amount.

5. The component of table 11.2 titled 'Capital allowances (less balancing charges) offset against trading profits' refers to capital allowances claimed and actually used (otherwise known as capital allowances 'biting'), less balancing charges. This differs from the component of table 11.3 titled 'Capital allowances' which refers to capital allowances claimed, less balancing charges.

Table 11.2

Corporation Tax

Income, allowances, deductions and tax liabilities by broad company sector, 2011-12 to 2016-17 [a]

Amounts: £ million

	Industrial and commercial companies excluding overseas and ring fenced oil and gas companies [b]						Financial companies excluding life assurance						Ring fenced oil and gas companies [c]					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Gross taxable trading profits	219,085	230,022	249,314	274,496	294,464	306,747	66,723	54,142	56,214	68,901	64,304	71,665	26,965	21,445	20,128	15,445	10,955	9,424
Capital allowances (less balancing charges) offset against trading profits	45,518	43,532	53,324	62,049	66,928	65,164	5,878	3,981	3,898	5,836	6,200	6,581	8,808	9,043	9,205	6,455	5,247	3,777
Trading losses from previous years offset against this year's trading profits	12,490	13,748	14,127	15,666	16,894	16,508	15,638	8,247	7,523	15,413	7,263	4,887	267	318	344	586	573	661
Other taxable income and net capital gains	58,012	58,526	59,741	63,387	69,727	77,728	31,898	29,559	27,577	28,333	27,406	32,251	460	987	854	582	544	800
Trading losses offset against other income	7,060	7,207	8,813	8,520	9,156	7,799	1,798	1,012	744	905	1,130	798	978	1,071	891	390	269	234
Charges paid and offset against profits	1,586	1,627	2,055	2,184	2,474	2,612	229	144	220	208	243	298	43	61	14	2	2	1
Group relief received	66,758	67,475	68,256	71,804	76,468	80,667	35,810	32,896	30,103	26,715	27,572	31,045	740	1,392	1,180	932	1,369	1,492
Other deductions	17,527	18,673	19,131	19,181	19,183	21,884	8,884	9,692	9,172	10,756	10,411	10,544	32	79	121	52	44	189
Profits chargeable to corporation tax [d]	126,158	136,286	143,349	158,479	173,088	189,841	30,384	27,729	32,131	37,401	38,891	49,763	16,557	10,468	9,227	7,610	3,995	3,870
Charge to corporation tax	31,225	31,661	31,957	33,442	34,982	37,970	7,936	6,710	7,407	8,014	7,889	11,052	8,887	5,218	4,210	3,271	1,360	1,037
Marginal Small Companies Relief	379	311	242	135	30	0	16	13	10	5	1	0	0	0	0	0	0	0
Advance corporation tax set off	10	16	11	94	66	58	0	4	0	0	0	0	0	0	0	0	0	0
Double taxation relief	2,623	2,431	1,892	1,605	1,210	1,162	2,080	1,015	1,677	1,197	957	941	699	875	894	749	346	297
Income tax set off and other non-standard reductions	190	-5	68	-164	-266	-498	118	186	79	112	-4	88	0	0	0	0	0	0
Corporation tax liabilities (after ACT set off) [e]	28,023	28,908	29,744	31,772	33,942	37,246	5,725	5,590	5,659	6,700	6,936	10,161	8,187	4,342	3,316	2,523	1,014	740

Updated September 2018

[a] Figures are derived from company returns with accounting periods ending in the particular financial year, i.e. 1 April to the following 31 March.

[b] Figures exclude the overseas sector which are included with the industrial and commercial totals in table 11.1B.

[c] Companies subject to Ring Fence Corporation Tax (RFCT). For more info see:
https://www.gov.uk/government/statistics/government-revenues-from-uk-oil-and-gas-production--2

[d] Bank surcharge is levied on profits after some deductions are added back in. This was £14bn profits in 2016/17.

[e] Figures include bank surcharge, a Corporation Tax measure, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016. Bank surcharge liabilities were £1.1bn in 2016-17.

The next scheduled release is in autumn 2019, which will show Corporation Tax: income, allowances, deductions and tax liabilities by company sector, to 2017-18

Table 11.3 Corporate income, allowances and tax liabilities, 2011-12 to 2016-17

This table provides a summary of corporate income and CT liabilities from 2011-12 to 2016-17.

Key points:

1. The number of companies with trading profits in accounting periods ending in 2016-17 was up 6.4 per cent on the previous year to 1.6 million. The number with a tax liability in 2016-17 was up 8.8 per cent to 1.5 million.

2. In 2016-17, 1.47 million profit-making companies had total chargeable profits of £256 billion, an increase in profits of 15.9 per cent on the previous year. Gross trading profits (before capital allowances) increased by 4.3 per cent and capital allowances decreased by 4.6 per cent on the previous year.

3. From the overall £50.4 billion CT liability in 2016-17, about 8,200 of the typically very largest companies claimed £2.4 billion in 'Double tax relief' in respect of tax paid abroad on income repatriated to the UK (comprising mainly dividends).

4. An estimated 134 companies claimed deductions of Advance Corporation Tax (ACT) totalling £59 million in 2016-17. No new ACT has arisen on dividends paid on or after 6 April 1999 and this amount represents a deduction from the pool of 'surplus' ACT that certain companies have carried forward.

Table 11.3

Corporation Tax

Number of companies, income, allowances, tax liabilities and deductions
Financial years 2011-12 to 2016-17 [a]

Numbers: actual ; Amounts: £ millions [k]

	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17 [j]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross taxable trading profit [b]	1,075,877	315,659	1,159,065	308,346	1,259,797	333,638	1,386,302	366,482	1,510,856	379,061	1,608,084	395,446
Capital allowances [c]	880,412	79,940	909,770	75,080	934,802	88,607	963,114	101,175	972,229	105,151	944,713	100,354
Net trading profits [d, b]	1,019,899	255,529	1,099,123	251,865	1,188,674	267,177	1,304,343	292,187	1,425,268	300,683	1,530,063	320,044
Other income & gains	531,690	107,478	549,961	103,793	569,485	95,966	605,151	107,135	645,902	106,715	655,904	126,280
Deductions allowed	423,502	183,906	440,904	175,386	457,903	175,121	485,337	187,406	506,512	186,558	495,641	190,402
Total chargeable profits	965,274	179,057	1,038,126	180,285	1,121,954	188,034	1,233,510	211,928	1,354,075	220,849	1,471,093	255,923
Rates at which profits charged [e]												
Main rate	40,897	119,772	43,399	116,391	45,062	122,821	52,747	134,419	1,310,656	204,319	1,471,093	255,923
of which bank surcharge											127	13,738
Marginal small profits rate [f]	43,696	14,900	48,239	16,838	52,097	18,313	57,407	20,808	43,419	16,530	..	..
Small profits rate [f]	880,681	44,385	946,487	47,056	1,024,795	46,900	1,123,355	56,701	..	..	..	..
Total tax charge [g]	965,274	49,323	1,038,125	44,818	1,121,954	44,317	1,233,509	46,469	1,354,075	45,212	1,471,093	52,549
Double tax relief	7,041	5,437	7,275	4,350	7,432	4,497	7,709	3,570	7,910	2,538	8,189	2,425
Act set-off	188	10	183	20	139	11	109	94	134	66	153	59
Income tax set-off	13,169	288	13,280	295	12,571	111	11,880	253	11,135	262	7,331	338
Other reliefs [h]	44,837	608	49,243	353	53,209	341	57,518	15	42,590	-323	105	-517
Corporation tax payable [i]	958,634	42,983	1,030,994	39,899	1,115,114	39,374	1,226,862	42,538	1,348,950	42,668	1,467,432	50,382

Updated September 2018

[a] Figures correspond to company accounting periods ending in the financial years shown.

[b] A single company may have a number of different sources of income so trading profit and other income will overlap in tables 11.3, 11.4 and 11.5.

[c] Capital allowances less balancing charges.

[d] Overall this will exceed gross trading profit minus capital allowances since if this subtraction results in a negative value for an individual company the net trading profits are deemed to be zero and not negative.

[e] An individual company can pay different rates on the total chargeable profits and so an average across accounting periods is calculated for simplicity.

[f] Since April 2010, the lower rate of Corporation Tax has been called the Small Profits Rate (SPR) rather than Small Companies' Rate (SCR).

This makes clear that it is the size of the profits, rather than the size of the company, which determines the tax rate to be applied.

[g] Includes supplementary charge on UK continental shelf profits of oil and gas companies.

[h] Reliefs not classified: non-standard tax reduction (which also includes certain charges to tax, for example tax payable in respect of controlled foreign companies) and marginal small companies relief.

This may also reflect minor discrepancies in timing and categorisation of reliefs and charges.

[i] Figures include bank surcharge, a Corporation Tax measure, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016. Bank surcharge liabilities were £1.1bn in 2016-17.

[j] Figures for the latest year are subject to the most change when the figures are next updated due to revisions in assessments.

[k] Number of companies with an entry greater than 0.

(Tables 11.3 to 11.5)
Notes on the tables
Computation of Corporation Tax liability

1. Tables 11.3, 11.4 and 11.5 are estimated from data collected from:
   i. Companies' own Corporation Tax self assessments where they have been agreed with HM Revenue & Customs
   ii. Returns where self assessments have not been agreed
   iii. Determinations of Corporation Tax made by HM Revenue & Customs in the absence of a self assessment or return
   iv. If no other information is available, statistical extrapolations from a recent year's Corporation Tax data, or failing that statistical grossing

2. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

3. The figures for Capital Allowances are the amounts which companies claim in the period less balancing charges. If Capital Allowances exceed the gross trading profit, leading to a loss for Corporation Tax, a zero is included in the net trading profits column rather than a negative figure. Losses brought forward are not deducted in arriving at net trading profits. They and losses of the current period, so far as they are allowed, are included in "Deductions allowed"

4. In Tables 11.4 and 11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains)

The next scheduled release is in autumn 2019, which will show Corporation Tax, number, income, allowances, tax liabilities and deductions for 2017-18

Tables 11.4 and 11.5 Computation of Corporation Tax liability by industry for 2015-16 and for 2016-17

These tables provide a breakdown of CT liabilities for 2015-16 and 2016-17 by industrial sector for companies with trading profits or other income.

Key points for table 11.4 (2015-16):

1. For 2015-16 the largest sector by number of companies was Professional, Scientific and Technical with around 359 thousand (or 21 per cent) of a total 1.7 million companies with trading profits or other income.
2. The largest sector by tax payable in 2015-16 was Financial and Insurance with £7.8 billion (or 18 per cent) of the total tax payable of £42.7 billion.
3. In 2015-16 the Financial and Insurance sector had the largest net trading profits at £69.1 billion (or 23 per cent) of the total of £301 billion net trading profits for all companies.

Key points for table 11.5 (2016-17):

1. In 2016-17 the largest sector by number of companies was Professional, Scientific and Technical with around 368 thousand (or 21 per cent) of the 1.8 million companies with trading profits or other income.
2. The largest sector for tax payable in 2016-17 was Financial and Insurance with £12.4 billion (or 25 per cent) of the total tax payable of £50.4 billion.
3. The Financial and Insurance sector had the largest net trading profits in 2016-17 at £74 billion (or 25 per cent) of the total of £320 billion net trading profits for all companies.
4. Overall net trading profits in 2016-17 were up 6 per cent from 2015-16 to £320 billion. However, there were shifts of liabilities within sectors between 2015-16 and 2016-17.
5. At £20.2 billion the combined Manufacturing sector and Electricity, Gas, Steam and Air Conditioning sector had the largest capital allowances in 2016-17.

Table 11.4

Corporation Tax: financial year 2015-16 [a]

Computation of liability.
Number of companies, income, allowances, deductions and tax, by industry

Numbers: actual. Amounts: £ millions

Industry	Number of companies with trading profits and other income [b]	Gross trading profits [b]	Capital allowances [c]	Net trading profits	Other income & gains [c]	Deductions allowed	Total chargeable profits	ACT set-off [d]	Other reliefs set against tax [e]	Tax payable
A. Agriculture, Forestry and Fishing	17,975	2,761	1,834	1,297	387	372	1,312		-3	268
B. Mining and Quarrying	1,741	11,307	13,879	6,493	2,238	4,584	4,147		195	1,154
C. Manufacturing	93,460	43,070	14,521	31,308	7,256	20,203	18,361		44	3,676
D. Electricity, Gas, Steam and Air Conditioning	3,754	14,071	6,618	9,447	1,514	6,367	4,594		-11	936
E. Water, Sewerage and Waste,	5,440	5,220	3,017	2,549	904	2,207	1,246		1	208
F. Construction	210,529	25,111	4,762	21,045	6,787	9,091	18,743		13	3,781
G. Wholesale and Retail Trade, Repairs	200,798	48,111	11,582	38,249	5,646	12,587	31,308		41	6,293
H. Transport and Storage	49,415	16,370	7,956	9,605	1,936	5,691	5,851		6	1,165
I. Accomodation and Food	62,702	9,489	3,693	6,572	2,025	3,826	4,771		-13	978
J. Information and Communication	179,475	34,113	8,350	27,140	6,208	14,262	19,087		107	3,743
K. Financial and Insurance	50,197	75,665	8,773	69,103	36,584	60,224	45,464		1,465	7,772
L. Real Estate	93,806	7,350	975	6,646	9,645	7,728	8,562		16	1,713
M. Professional, Scientific and Technical	359,487	37,312	4,929	33,769	13,683	18,687	28,766		272	5,527
N. Admin and Support Services: O. Public Admin, Defence and Social Services	139,884	26,555	9,301	18,485	6,671	11,403	13,753		76	2,720
P. Education	28,458	2,027	379	1,763	180	695	1,249		0	252
Q. Health and Social Work	88,712	7,690	1,246	6,656	1,195	2,338	5,513		-13	1,122
R. Arts, Entertainment and Recreation	38,077	5,033	1,305	4,065	1,119	2,481	2,702		17	530
S. Other services activities; T. Households; U. Overseas	56,293	3,757	895	3,020	539	1,191	2,369		-2	479
Unclassified	12,747	4,049	1,137	3,471	2,201	2,622	3,049		266	351
All industries	1,692,947	379,061	105,151	300,683	106,715	186,558	220,849	66	2,478	42,668

Updated September 2018

[a] These figures relate to earnings in accounting periods ending in the financial year shown.

[b] A single company may have a number of different sources of income so trading profit and other income will overlap in tables 11.3, 11.4 and 11.5.

[c] Capital allowances less balancing charges.

[d] Figures for ACT set-off are not shown at industrial sector level in order to protect taxpayer confidentiality.

[e] Includes double taxation relief, marginal small companies rate relief, income tax set off and non-standard tax reduction.

(Tables 11.3 to 11.5)
Notes on the tables
Computation of Corporation Tax liability

1. Tables 11.3, 11.4 and 11.5 are estimated from data collected from:
   i. Companies' own Corporation Tax self assessments where they have been agreed with HM Revenue & Customs
   ii. Returns where self assessments have not been agreed
   iii. Determinations of Corporation Tax made by HM Revenue & Customs in the absence of a self assessment or return
   iv. If no other information is available, statistical extrapolations from a recent year's Corporation Tax data, or failing that statistical grossing

2. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

3. The figures for Capital Allowances are the amounts which companies claim in the period less balancing charges. If Capital Allowances exceed the gross trading profit, leading to a loss for Corporation Tax, a zero is included in the net trading profits column rather than a negative figure. Losses brought forward are not deducted in arriving at net trading profits. They and losses of the current period, so far as they are allowed, are included in “Deductions allowed”

4. In Tables 11.4 and 11.5 the “number of cases” is the number of companies with positive income (gross trading income, other income or gains)

The next scheduled release is in autumn 2019, which will show Corporation Tax, computation of liability for 2016-17

Table 11.5

Corporation Tax: financial year 2016-17 [a]

Computation of liability.
Number of companies, income, allowances, deductions and tax, by industry

Numbers: actual. Amounts: £ millions

Industry	Number of companies with trading profits and other income [b]	Gross trading profits [b]	Capital allowances [c]	Net trading profits	Other income & gains [c]	Deductions allowed	Total chargeable profits	ACT set-off [d]	Other reliefs set against tax [e]	Tax payable [f]
A. Agriculture, Forestry and Fishing	18,481	2,829	1,526	1,605	440	425	1,619		-4	328
B. Mining and Quarrying	1,983	9,200	9,988	5,781	2,872	5,203	3,449		150	782
C. Manufacturing; D. Electricity, Gas, Steam and Air Conditioning	98,607	55,941	20,242	40,368	10,803	26,780	24,391		1	4,875
E. Water, Sewerage and Waste,	5,562	5,469	3,101	2,679	895	2,178	1,395		0	237
F. Construction	219,703	26,978	4,356	23,145	6,373	7,817	21,702		-13	4,350
G. Wholesale and Retail Trade, Repairs	202,392	51,818	10,867	42,211	6,536	14,335	34,412		35	6,845
H. Transport and Storage	55,384	16,037	7,321	9,604	1,905	5,285	6,224		2	1,243
I. Accomodation and Food	64,884	9,731	3,351	7,095	2,351	4,362	5,084		-12	1,029
J. Information and Communication	204,387	37,258	8,224	30,261	6,831	15,389	21,703		106	4,235
K. Financial and Insurance	54,740	81,167	10,832	74,211	47,874	58,400	63,685		1,549	12,435
L. Real Estate	99,983	7,066	858	6,421	10,138	7,732	8,827		5	1,760
M. Professional, Scientific and Technical	368,092	39,340	4,681	36,024	15,156	20,362	30,819		183	5,983
N. Admin and Support Services: O. Public Admin, Defence and Social Services	145,785	27,845	9,262	19,561	7,824	11,513	15,872		38	3,139
P. Education	28,849	1,991	303	1,784	144	718	1,210		-2	244
Q. Health and Social Work	99,122	8,112	1,098	7,188	1,254	2,576	5,867		-21	1,194
R. Arts, Entertainment and Recreation	40,012	5,514	1,353	4,480	1,305	2,747	3,039		13	594
S. Other services activities; T. Households; U. Overseas	61,463	3,991	843	3,294	558	1,138	2,714		-6	549
Unclassified	27,777	5,156	2,149	4,332	3,021	3,440	3,913		224	560
All industries	1,797,206	395,446	100,354	320,044	126,280	190,402	255,923	59	2,246	50,382

Updated September 2018

[a] These figures relate to earnings in accounting periods ending in the financial year shown.

[b] A single company may have a number of different sources of income so trading profit and other income will overlap in tables 11.3, 11.4 and 11.5.

[c] Capital allowances less balancing charges.

[d] Figures for ACT set-off are not shown at industrial sector level in order to protect taxpayer confidentiality.

[e] Includes double taxation relief, marginal small companies rate relief, income tax set off and non-standard tax reduction.

[f] Figures include bank surcharge, a Corporation Tax measure, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016. Bank surcharge liabilities were £1.1bn in 2016-17.

(Tables 11.3 to 11.5)
Notes on the tables
Computation of Corporation Tax liability

1. Tables 11.3, 11.4 and 11.5 are estimated from data collected from:
   i. Companies' own Corporation Tax self assessments where they have been agreed with HM Revenue & Customs
   ii. Returns where self assessments have not been agreed
   iii. Determinations of Corporation Tax made by HM Revenue & Customs in the absence of a self assessment or return
   iv. If no other information is available, statistical extrapolations from a recent year's Corporation Tax data, or failing that statistical grossing

2. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

3. The figures for Capital Allowances are the amounts which companies claim in the period less balancing charges. If Capital Allowances exceed the gross trading profit, leading to a loss for Corporation Tax, a zero is included in the net trading profits column rather than a negative figure. Losses brought forward are not deducted in arriving at net trading profits. They and losses of the current period, so far as they are allowed, are included in "Deductions allowed"

4. In Tables 11.4 and 11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains)

The next scheduled release is in autumn 2019, which will show Corporation Tax, computation of liability for 2017-18

Table 11.6 Corporation Tax payable by size of liabilities, 2011-12 to 2016-17

This table presents an analysis of CT payable after set-offs by year of liability for companies with accounting periods ending in 2011-12 to 2016-17. It shows the distribution by size of the liability.

Key points:

1. The distribution of companies' tax liabilities is highly skewed. In 2016-17 about 8,000 companies (under 1 per cent) had liabilities of £500,000 or more and they contributed around 58 per cent of total CT payable.

2. Companies with liabilities of less than £10,000 comprised about two-thirds of all companies liable for CT in 2016-17, but accounted for only around 7 per cent of the total CT payable.

3. In 2016-17, around 70 companies had more than £50 million each in CT liabilities (totalling £7.9 billion or 16 per cent of the total CT payable). The figures for 2015-16 were around 50 companies paying £5.3 billion, or 12 per cent, of the total CT payable.

4. There was an increase of around 118 thousand in the number of companies with any liability between 2015-16 and 2016-17. This increase was largely concentrated in companies with a CT liability of under £50,000.

Table 11.6

Corporation Tax

Corporation tax payable after set-offs by year of liability
Classified by size, financial years 2011-12 to 2016-17 [a]

Numbers:actual ; Amounts:£ millions

Amount of tax payable (lower limit) [c] £	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17	
	Numbers [b]	Amount	Numbers [b]	Amount	Numbers [b]	Amount	Numbers [b]	Amount	Numbers [b]	Amount	Numbers [b]	Amount [d]
>0	48,170	1	51,950	2	53,880	2	60,090	2	67,460	2	79,350	2
100	60,940	17	66,790	19	71,880	20	78,360	22	86,410	24	97,920	27
500	51,720	38	56,850	42	60,980	45	65,960	49	72,550	54	83,480	62
1,000	267,570	749	286,280	799	307,850	860	334,160	935	371,960	1,038	412,310	1,144
5,000	192,240	1,394	204,950	1,487	222,190	1,615	244,270	1,776	270,540	1,965	284,970	2,069
10,000	281,620	5,680	303,930	6,121	333,610	6,711	371,900	7,478	401,780	8,069	423,540	8,515
50,000	28,070	1,919	30,580	2,099	33,320	2,287	37,710	2,597	41,790	2,881	45,430	3,139
100,000	22,180	4,512	23,600	4,758	25,100	5,024	27,650	5,466	29,600	5,822	32,650	6,448
500,000	2,890	1,999	2,900	2,016	3,090	2,147	3,290	2,287	3,410	2,365	3,790	2,627
1,000,000	2,440	5,006	2,390	4,840	2,490	5,060	2,690	5,506	2,660	5,456	3,050	6,356
5,000,000	350	2,467	360	2,535	350	2,411	390	2,712	400	2,782	420	2,950
10,000,000	370	7,547	350	6,721	330	6,655	340	6,790	350	6,905	440	9,187
50,000,000	80	11,650	60	8,460	50	6,540	60	6,920	50	5,310	70	7,860
All ranges	958,630	42,983	1,030,990	39,900	1,115,110	39,374	1,226,860	42,538	1,348,950	42,668	1,467,430	50,382

Updated September 2018

[a] Figures correspond to company accounting periods ending in the financial years shown.

[b] Figures for the number of companies are rounded to the nearest ten to protect taxpayer confidentiality.

[c] We are unable to show a further breakdown at £100,000,000 and above (as we have in previous years) due to our duty of keeping taxpayer confidentiality.

[d] Figures include bank surcharge, a Corporation Tax measure, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016. Bank surcharge liabilities were £1.1bn in 2016-17.

(Tables 11.6 to 11.8)

Notes on the tables
Corporation Tax payable

1. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

2. The advent of instalment payments has made it necessary to alter the basis on which Tables 11.6 and 11.8 are prepared by changing them from the amounts of Corporation Tax paid in the year to the Corporation Tax payable according to the year in which the liability arose

3. Table 11.6 and 11.7 present an analysis of Corporation Tax payable arising from Corporation Tax liabilities in the financial years shown. The figures are consistent with similar figures shown in Tables 11.3, 11.4 and 11.5. Table 11.6 shows a distribution by size of Corporation Tax payable. Table 11.7 shows a distribution by industry

The next scheduled release is in autumn 2019, which will show Corporation Tax, payable after set-offs by year of liability to 2017-18

Table 11.7 Corporation Tax payable by sector, 2011-12 to 2016-17

This table shows an analysis of CT payable after set-offs by year of liability for companies with accounting periods ending in 2011-12 to 2016-17, classified by industrial sector.

The classification is based on the UK Standard Industrial Classification (SIC) 2007 standard. Some categories have been amalgamated in order to protect taxpayer confidentiality.

Key points:

1. In 2016-17 the largest sector in terms of the number of companies with a CT liability was the Professional, Scientific and Technical sector with around 323,000 companies. The growth in this section over the period of this table may in part be due to the growing importance of new technology industries. This was followed by the Construction sector (185,000 companies) and the Information and Communication sector (176,000 companies).

2. In 2016-17 the sector with the greatest growth in percentage terms on 2015-16 in the numbers of companies was the Mining and Quarrying sector. There was a 26.3 per cent increase in the number of companies classified in this sector (from 969 to 1,224). Despite the increase in numbers of companies, the tax payable for the Mining and Quarrying sector decreased by 32.2 per cent, from £1.2 billion in 2016-16 to £0.8 billion in 2016-17.

3. The largest sector by tax payable was Financial and Insurance with £12.4 billion (or 25 per cent) of the total tax payable of £50.4 billion. This was followed by Wholesale and Retail Trade and Repairs (£6.8 billion) and Professional, Scientific and Technical (£6.0 billion).

4. In 2016-17 the sector with the greatest growth in percentage terms on 2015-16 in CT liability was Finance and Insurance which increased 60 per cent from £7.8 billion in 2015-16 to £12.4 billion in 2016-17, this includes £1.1 billion of bank surcharge. This increase is partly due to higher taxable profits made by banks. In addition, restrictions have been introduced to limit the deduction of past losses against profits in banks CT calculations.

5. The Construction sector also saw an increase on the previous year of 15 per cent (from £3.8 billion to £4.4 billion).

Table 11.7

Corporation Tax

Corporation tax payable after set-offs by year of liability
Classified by industry, financial years 2011-12 to 2016-17 [a b c]

Numbers: actual; Amounts: £ millions

Industry	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17	
	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable [d]
A. Agriculture, Forestry and Fishing	10,273	295	10,848	292	11,009	296	11,318	287	11,662	268	12,703	328
B. Mining and Quarrying	827	6,580	916	4,069	866	3,015	970	2,597	969	1,154	1,224	782
C. Manufacturing	60,141	4,349	63,245	4,095	63,647	3,892	66,016	3,677	69,254	3,676	71,605	4,223
D. Electricity, Gas, Steam and Air Conditioning	500	1,016	676	1,150	841	1,058	1,058	939	1,384	936	1,730	652
E. Water, Sewerage and Waste,	2,810	279	2,977	161	3,169	193	3,325	199	3,546	208	3,895	237
F. Construction	123,485	2,014	129,264	2,281	138,337	2,492	153,456	3,034	171,957	3,781	184,692	4,350
G. Wholesale and Retail Trade, Repairs	123,079	6,401	129,413	6,470	136,075	6,046	144,943	6,237	152,291	6,293	158,056	6,845
H. Transport and Storage	23,759	998	26,402	921	29,147	949	32,620	1,019	38,836	1,165	45,443	1,243
I. Accomodation and Food	27,834	745	30,208	813	32,853	846	37,221	937	41,172	978	44,282	1,029
J. Information and Communication	105,769	3,104	115,543	3,338	124,444	3,488	137,037	3,291	151,381	3,743	175,897	4,235
K. Financial and Insurance	26,561	7,034	28,577	6,653	28,712	6,315	31,418	8,276	34,250	7,772	39,191	12,435
L. Real Estate	50,336	1,084	54,427	1,153	59,096	1,237	64,647	1,662	70,378	1,713	76,312	1,760
M. Professional, Scientific and Technical	211,181	4,843	234,529	4,275	260,988	4,954	287,879	5,282	311,929	5,527	322,764	5,983
N. Admin and Support Services: O. Public Admin, Defence and Social Services	80,000	2,183	82,830	2,051	90,722	2,210	100,105	2,569	109,867	2,720	117,765	3,139
P. Education	14,792	209	16,361	219	18,334	266	20,415	272	22,016	252	22,884	244
Q. Health and Social Work	35,737	697	41,766	788	50,145	861	62,741	990	79,919	1,122	90,066	1,194
R. Arts, Entertainment and Recreation	18,190	451	19,670	477	21,505	480	23,702	529	26,339	530	28,518	594
S. Other services activities; T. Households; U. Overseas	34,661	456	35,187	403	37,110	397	39,891	433	43,218	479	48,717	549
Unclassified	8,699	243	8,153	291	8,113	377	8,101	308	8,581	351	21,686	560
All industries	958,634	42,983	1,030,994	39,899	1,115,114	39,374	1,226,862	42,538	1,348,950	42,668	1,467,432	50,382

Updated September 2018

[a] Figures correspond to company accounting periods ending in the financial years shown.

[b] Number of companies with Corporation Tax payable.

[c] Totals may not sum due to rounding

[d] Figures include bank surcharge, a Corporation Tax measure, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016. Bank surcharge liabilities were £1.1bn in 2016-17.

(Tables 11.6 to 11.8)

Notes on the tables
Corporation Tax payable

1. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

2. The advent of instalment payments has made it necessary to alter the basis on which Tables 11.6 and 11.8 are prepared by changing them from the amounts of Corporation Tax paid in the year to the Corporation Tax payable according to the year in which the liability arose

3. Table 11.6 and 11.7 present an analysis of Corporation Tax payable arising from Corporation Tax liabilities in the financial years shown. The figures are consistent with similar figures shown in Tables 11.3, 11.4 and 11.5. Table 11.6 shows a distribution by size of Corporation Tax payable. Table 11.7 shows a distribution by industry

The next scheduled release is in autumn 2019, which will show Corporation Tax, payable after set-offs by year of liability for 2017-18

Table 11.8 Comparison of Corporation Tax payable between 2015-16 and 2016-17

This table shows a cross tabulation of CT liabilities for companies who made a tax return in the financial year 2015-16 or 2016-17 or in both years. Companies that traded in one year but not in the other year are shown as having zero liability in the year in which they did not trade.

Key points:

1. There were around 1.3 million companies with no CT liability in 2015-16 and around 1.2 million companies with no liability in 2016-17.
2. Around 998,000 companies had no CT liability in either 2015-16 or in 2016-17.
3. Around 1.1 million companies had a CT liability in both 2015-16 and 2016-17.

Table 11.8

Corporation Tax

Corporation tax payable after set-offs in financial years 2015-16 and 2016-17 [a]
Numbers in each size category of liability [b c d]

Numbers:Actual

Tax payable in 2015-16 (low er limit) £	Tax payable in 2016-17 (low er limit) £ 0	>0	1,000	5,000	10,000	50,000	100,000	500,000	All ranges
0	997,570	105,870	111,130	55,590	61,440	4,570	3,390	1,040	1,340,580
>0	84,580	86,540	41,090	8,200	5,140	330	200	30	226,090
1,000	69,440	47,450	175,960	55,030	22,140	850	410	40	371,320
5,000	30,200	11,320	58,450	111,640	57,290	1,030	410	20	270,350
10,000	32,290	8,170	24,320	53,500	264,310	16,170	3,360	180	402,300
50,000	3,350	550	670	810	11,800	17,960	6,590	160	41,890
100,000	2,890	410	280	260	2,270	4,550	17,370	1,620	29,640
500,000	830	80	30	30	120	120	980	4,700	6,870
All ranges	1,221,140	260,380	411,920	285,050	424,510	45,560	32,710	7,780	2,689,040

Updated September 2018

[a] Figures correspond to company accounting periods ending in the financial years show n.
Figures include bank surcharge, a Corporation Tax measure, levied on profits of banking companies in accounting periods beginning on or after 1 January 2016.
Bank surcharge liabilities w ere £1.1bn in 2016-17.

[b] Number of companies w ith a tax liability in either 2015-16 or 2016-17 or both years.

[c] Figures for the number of companies are rounded to the nearest ten to protect taxpayer confidentiality.

[d] Totals may not sum due to rounding

(Tables 11.6 to 11.8)

Notes on the tables
Corporation Tax payable

1. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

2. The advent of instalment payments has made it necessary to alter the basis on w hich Tables T11.6 and T11.8 are prepared by changing them from the amounts of Corporation Tax paid in the year to the Corporation Tax payable according to the year in w hich the liability arose

3. Table 11.6 and 11.7 present an analysis of Corporation Tax payable arising from Corporation Tax liabilities in the financial years show n. The figures are consistent w ith similar figures show n in Tables 11.3, 11.4 and 11.5. Table 11.6 show s a distribution by size of Corporation Tax payable. Table 11.7 show s a distribution by industry

The next scheduled release is in autumn 2019, which will show Corporation Tax payable, after set-offs in financial years ending 2017 and 2018

Tables 11.9 and 11.10 Capital Allowance claims

Table 11.9 shows a summary of Capital Allowances due each year from 1973-74 to 2016-17. Table 11.10 shows Capital Allowances due 2011-12 to 2016-17, by type of asset and by industry.

The figures for Capital Allowances are before any claw-back for balancing charges and are therefore higher than the corresponding figures shown in tables 11.3 to 11.5 (which do take account of this). The industrial classification is based on the UK Standard Industrial Classification (SIC) 2007 standard. Some categories have been amalgamated in order to protect taxpayer confidentiality.

Key points:

1. Claims for Capital Allowances on qualifying assets in 2016-17 were down £2.3 billion (2.5 per cent) on 2015-16 to £88.8 billion. This is influenced by the decreased Annual Investment Allowance (AIA) annual values (see 6 below).

2. By value, 89 per cent of the Capital Allowances claims in 2016-17 were in respect of allowances on plant and machinery (including AIA). These claims have decreased by £1.2 billion (2 per cent) from 2015-16.

3. Claims for the "other assets" category in 2016-17 are down 8 per cent to £10.4 billion on 2015-16. This is primarily driven by a large drop in the Mining and Quarrying industrial sector which includes ring fenced oil and gas companies.

4. Between 2008-09 and 2012-13 overall levels of Capital Allowance claims remained relatively stable, with the withdrawal of industrial buildings allowances that began in 2008 being offset by an increase claims to the "other assets" category.

5. Table 11.10 shows that the Manufacturing sector claimed most in the way of Capital Allowances in 2016-17, with claims of £11.9 billion (or 13 per cent of the total). Other industrial sectors with large overall claims in 2016-17 were Financial and Insurance (£10.8 billion) and Mining and Quarrying (£10.4 billion).

6. Claims for Annual Investment Allowance (AIA) have decreased by £3.3 billion (or 20 per cent) to £13.3 billion in 2016-17. AIA annual accounting period amounts were £100,000 from 1 April 2010 to 31 March 2012, £25,000 from 1 April 2012 to 31 December 2012, £250,000 from 1 Jan 2013 to 31 March 2014, £500,000 from 1 April 2014 to 31 December 2015 and £200,000 from January 2016.

Table 11.9

Corporation tax

Capital allowances due 1973-74 to 2016-17 summary

Amounts: £ millions

Year [a]	Total	Type of asset etc.			Type of allowance [b]		
		Plant and machinery and vehicles [f]	Industrial buildings [g]	Other	Initial	First year	Other
1973-74	4,970	4,530	290	150	150	3,300	1,520
1974-75	5,150	4,590	320	240	190	3,740	1,220
1975-76	5,990	5,240	430	320	260	4,320	1,410
1976-77	6,840	6,020	440	380	240	4,890	1,720
1977-78	9,920	8,900	590	430	360	7,810	1,750
1978-79	12,970	11,990	590	390	360	11,100	1,500
1979-80 [c]	17,690	16,430	860	410	560	15,210	1,930
1980-81	17,520	15,840	1,100	580	780	14,390	2,350
1981-82	19,460	17,010	1,320	1,130	800	14,850	3,810
1982-83 [d]	25,300	22,360	1,550	1,400	940	19,420	4,940
1983-84	28,510	25,450	1,500	1,550	820	21,850	5,840
1984-85	31,880	27,530	1,670	2,680	830	23,550	7,500
1985-86	24,970	20,330	1,570	3,070	620	15,070	9,280
1986-87	19,520	15,940	1,060	2,520	160	4,500	14,860
1987-88	22,500	19,460	1,100	1,930	40	570	21,890
1988-89	28,370	24,990	1,130	2,260	..	..	..
1989-90	34,910	31,100	1,310	2,510	..	..	..
1990-91	39,390	35,650	1,240	2,490	..	..	..
1991-92	40,690	36,850	1,280	2,560	..	..	..
1992-93	43,240	40,020	1,220	2,000	..	..	..
1993-94	51,120	46,800	1,630	2,690	..	..	..
1994-95	50,250	45,970	1,550	2,730	..	..	..
1995-96	51,110	46,400	1,560	3,150	..	..	..
1996-97	54,720	50,000	1,620	3,100	..	..	..
1997-98	58,050	52,380	2,270	3,400	..	..	..
1998-99	63,206	56,627	1,783	4,796	..	..	..
1999-00	64,439	58,331	2,342	3,766	..	..	..
2000-01	67,804	61,641	2,581	3,582	..	..	..
2001-02	68,378	62,244	2,203	3,931	..	..	..
2002-03	73,630	65,580	2,515	5,535	..	..	..
2003-04	74,326	65,771	3,486	5,069	..	..	..
2004-05	71,085	63,286	3,034	4,765	..	..	..
2005-06 [e]	67,510	61,511	2,531	3,468	..	..	..
2006-07	81,577	70,460	2,603	8,515	..	..	..
2007-08	76,112	66,644	2,469	6,999	..	..	..
2008-09 [f]	72,064	62,396	2,121	7,548	..	..	..
2009-10	71,205	60,574	1,511	9,120	..	..	..
2010-11	68,799	57,397	814	10,590	..	..	..
2011-12	73,880	62,931	146	10,808	..	..	..
2012-13	71,918	60,633	5	11,300	..	..	..
2013-14	81,358	69,903	..	11,475	..	..	..
2014-15	88,135	75,747	..	12,446	..	..	..
2015-16	91,076	79,844	..	11,344	..	..	..
2016-17	88,811	78,635	..	10,387	..	..	..

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[a] The figures relate to allow ances due for accounting periods ending in the financial year 31 March.

[b] Separate information on initial and first year allow ances is not available from 1988-89.

[c] Figures for 1979-80 and subsequently are on a revised basis not directly comparable w ith earlier years.

[d] Figures for 1982-83 and subsequently include Public Corporations.

[e] From 2005-06 the figures have been evaluated using data for all companies rather than a sample.

[f] From 2008-09 this includes Annual Investment Allow ance (AIA) qualifying expenditure (see Table 11.10).
Companies in groups are entitled to only a single AIA claim betw een them in respect of qualifying expenditure.

[g] Industrial Building allow ance w as phased out from April 2011.

(Tables 11.9 and 11.10)
Notes on the Tables
Capital Allowances due by industry

1. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

2. The types of capital asset that qualify for relief and the rates of allow ances since 1981 are given in Table A.5. Rates of allow ance betw een 1978 and 2000 are contained in the table appendix A5 of Inland Revenue Statistics 2000 and betw een 1965 and 1978 in the table appendix A.3 of Inland Revenue Statistics 1996

3. Tables 11.9 and 11.10 give estimates of the Capital Allow ances due each year w hether or not they w ere used against profits of the year show n. The totals differ from those in Tables 11.3 to 11.5, mainly because the latter are net of balancing charges

The next scheduled release is in autumn 2019, which will show Corporation Tax Capital allowances due to 2017-2018

Table 11.10

Corporation Tax

Capital allowances due 2011-12 to 2016-17 [a], by type of asset and by industry

Amounts: £ millions

Type of Asset	Plant and machinery and vehicles (ex AIA)						Annual Investment Allowance (AIA) [b]						Industrial buildings					
Industry	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2011-12	2012-13 [c]	2013-14	2014-15	2015-16	2016-17
A. Agriculture, Forestry and Fishing	-31	99	-2	163	261	315	355	260	527	786	816	637	1	..	n/a	n/a	n/a	n/a
B. Mining and Quarrying	6,094	8,160	11,072	10,139	9,422	6,664	19	12	37	64	74	46	1	..	n/a	n/a	n/a	n/a
C. Manufacturing	7,532	7,424	7,584	8,438	8,407	9,301	1,173	828	1,747	2,623	2,807	1,999	51	..	n/a	n/a	n/a	n/a
D. Electricity, Gas, Steam and Air Conditioning	4,972	5,395	6,109	5,764	5,707	5,620	16	16	56	145	191	107	4	..	n/a	n/a	n/a	n/a
E. Water, Sewerage and Waste,	1,638	1,842	2,323	2,381	2,146	2,496	100	71	161	259	299	223	4	..	n/a	n/a	n/a	n/a
F. Construction	1,868	596	427	759	1,048	988	802	693	1,119	1,647	1,908	1,743	2	..	n/a	n/a	n/a	n/a
G. Wholesale and Retail Trade, Repairs	5,868	5,987	5,775	6,230	5,961	6,309	1,307	994	1,760	2,437	2,646	2,136	9	..	n/a	n/a	n/a	n/a
H. Transport and Storage	3,395	3,892	5,133	4,137	5,042	5,144	458	325	721	1,147	1,326	986	36	..	n/a	n/a	n/a	n/a
I. Accomodation and Food	1,305	1,270	1,292	1,451	1,780	1,816	372	297	548	817	939	760	20	..	n/a	n/a	n/a	n/a
J. Information and Communication	5,928	5,385	5,800	5,662	5,940	5,899	399	328	546	726	765	687	2	..	n/a	n/a	n/a	n/a
K. Financial and Insurance	7,404	5,522	5,048	6,317	7,355	9,544	140	98	209	310	345	252	2	..	n/a	n/a	n/a	n/a
L. Real Estate	316	349	314	446	438	416	117	95	166	232	266	223	3	..	n/a	n/a	n/a	n/a
M. Professional, Scientific and Technical	1,455	1,490	1,961	1,493	1,936	2,040	627	551	874	1,163	1,242	1,039	5	..	n/a	n/a	n/a	n/a
N. Admin and Support Services: O. Public Admin, Defence and Social Services	5,915	5,653	5,186	5,718	5,972	6,391	645	497	957	1,436	1,622	1,233	2	..	n/a	n/a	n/a	n/a
P. Education	34	59	62	99	105	86	72	63	98	123	137	110	0	..	n/a	n/a	n/a	n/a
Q. Health and Social Work	272	273	239	401	465	420	196	164	262	359	388	342	0	..	n/a	n/a	n/a	n/a
R. Arts, Entertainment and Recreation	490	503	473	567	536	714	167	133	228	323	376	318	1	..	n/a	n/a	n/a	n/a
S. Other services activities; T. Households; U. Overseas	248	169	129	164	220	238	179	145	223	284	311	287	1	..	n/a	n/a	n/a	n/a
Unclassified	1,059	978	702	484	579	982	25	16	35	52	67	124	2	..	n/a	n/a	n/a	n/a
All industries	55,761	55,046	59,627	60,814	63,319	65,380	7,170	5,587	10,276	14,933	16,525	13,255	146	5	n/a	n/a	n/a	n/a

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Amounts: £ millions

Type of Asset	Other assets						All assets					
Industry	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
A. Agriculture, Forestry and Fishing	16	19	16	25	23	24	340	378	541	973	1,098	973
B. Mining and Quarrying	5,425	5,589	5,941	6,409	5,142	3,734	11,539	13,760	17,050	16,612	14,638	10,441
C. Manufacturing	500	510	589	593	601	673	9,252	8,763	9,918	11,649	11,805	11,945
D. Electricity, Gas, Steam and Air Conditioning	276	485	580	887	558	591	5,268	5,897	6,746	6,795	6,455	6,315
E. Water, Sewerage and Waste,	89	99	123	136	293	176	1,831	2,012	2,606	2,774	2,736	2,892
F. Construction	30	40	47	38	42	66	2,702	1,327	1,590	2,436	2,987	2,773
G. Wholesale and Retail Trade, Repairs	379	482	553	523	458	435	7,563	7,461	8,086	9,181	9,053	8,854
H. Transport and Storage	325	356	137	323	359	311	4,214	4,572	5,991	5,604	6,723	6,420
I. Accomodation and Food	134	91	97	107	85	90	1,830	1,656	1,936	2,368	2,790	2,643
J. Information and Communication	787	923	807	906	918	984	7,116	6,634	7,147	7,291	7,618	7,552
K. Financial and Insurance	1,287	976	984	1,083	1,156	1,045	8,833	6,596	6,241	7,710	8,855	10,840
L. Real Estate	13	10	22	18	18	11	449	454	502	696	720	647
M. Professional, Scientific and Technical	840	1,022	958	672	615	649	2,927	3,062	3,792	3,323	3,785	3,716
N. Admin and Support Services: O. Public Admin, Defence and Social Services	401	353	376	543	517	574	6,963	6,497	6,518	7,687	8,077	8,175
P. Education	5	4	6	3	5	4	111	126	166	224	246	199
Q. Health and Social Work	10	14	12	13	17	10	478	451	513	772	868	766
R. Arts, Entertainment and Recreation	11	28	25	31	39	27	669	664	726	920	949	1,053
S. Other services activities; T. Households; U. Overseas	65	76	73	72	69	54	493	389	425	519	599	575
Unclassified	213	224	128	63	428	929	1,300	1,218	865	599	1,074	2,034
All industries	10,808	11,300	11,475	12,446	11,344	10,387	73,880	71,918	81,358	88,135	91,076	88,811

Updated September 2018

[a] The figures relate to allowances due for accounting periods ending in the financial year 31 March.

[b] Annual Investment Allowance (AIA) qualifying expenditure incurred on or after 1 April 2008.
Companies in groups are entitled to only a single AIA claim between them in respect of qualifying expenditure.

[c] Figures for 2012-13 for industrial buildings are not shown at industrial sector level in order to protect taxpayer confidentiality.

(Tables 11.9 and 11.10)
Notes on the Tables
Capital allowances due by industry

1. The analyses by industry use the UK Standard Industrial Classification 2007. Some categories have been amalgamated in order to protect taxpayer confidentiality.

2. The types of capital asset that qualify for relief and the rates of allowances since 1981 are given in Table A.5. Rates of allowance between 1978 and 2000 are contained in the table appendix A5 of Inland Revenue Statistics 2000 and between 1965 and 1978 in the table appendix A.3 of Inland Revenue Statistics 1996

3. Tables 11.9 and 11.10 give estimates of the Capital Allowances due each year whether or not they were used against profits of the year shown. The totals differ from those in Tables 11.3 to 11.5, mainly because the latter are net of balancing charges

The next scheduled release is in autumn 2019, which will show Corporation Tax Capital allowances due, by industry, to 2017-18

Annex A: Key features of Corporation Tax, the Bank Levy and the Bank Surcharge

This section explains some key features of CT that are useful in understanding the statistical tables presented later in the document.

Profits and deductions

For CT purposes, a company's profits comprise its income and capital gains. Income, whether from trading or investments, is calculated in the same way as for income tax purposes including capital allowances where appropriate. Gains are calculated in the same way as for capital gains tax except that companies have no exempt amount and company gains are not affected by the reforms made in 1998 to capital gains tax.

Capital allowances provide relief, for CT purposes, for the consumption or depreciation of capital assets incurred for the purposes of carrying on a trade. Different types of assets qualify for different rates of allowances; see Table A.5.

Capital allowances may be claimed in the year in which they accrue and any unused capital allowances may be carried forward to set against profits in later years. They may also be carried back in the same way as trading losses. Tax credits were introduced in the 1999 Budget, and extended later, to provide enhanced relief for research and development and some other types of expenditure. For some types of expenditure, non-taxpayers can receive a payable tax credit.

A company which makes a trading loss may carry that loss back for 1 year (3 years from 1991 to July 1997) to set against the profits of an earlier accounting period. An unrelieved trading loss can also be carried forward without time limit to set against income from the same trade in a future accounting period.

Deductions are allowed from a company's total profits for any charges (interest and other payments) it pays and, in the case of an investment company, its management expenses. Since April 1996, "loan relationship" rules have been in force for the treatment of interest and similar payments. A deduction against the tax liability is allowed for income tax deducted at source from interest received (to the extent that it is not used to cover income tax the company itself deducts on interest payments it makes). Double taxation relief for foreign tax is allowed as a deduction against the tax charged on profits.

Company groups

Certain special rules and reliefs apply to companies that operate as a group. A group typically consists of a parent company and a number of subsidiary companies. For two companies to be considered members of the same group for tax purposes, one company has to have at least 75% ownership of the other, or they must both be owned (at least 75%) by a third company. A company that makes a trading loss can surrender that loss as group relief to set against the profits of an equivalent accounting period of another group member. Assets can be transferred between group members without giving rise to a chargeable gain at the time of transfer.

Inter-company dividends

A company is not taxable on a dividend received from another company resident in the United Kingdom (UK). Such dividend income, if received with the tax credit, is called "franked investment income". When the company itself pays a dividend, it makes a "franked payment".

Tax rates

There was a lower rate of CT for companies with small profits, known as the small profits rate (SPR), formerly the small companies' rate (SCR). This rate applies when the profits are below a lower limit (as given in Table A.6). Between that limit and an upper limit, the company is taxed at the main rate, but most companies can claim marginal relief to give a smooth progression in the average tax rate from the lower rate to the main rate. Above the upper limit, the main rate applies. Refer to Annex C for diagrams illustrating how the rates and liabilities change as profits increase. The profit limits are restricted for companies associated with one or more other companies according to the number of associated companies to prevent abuse by a company fragmenting into smaller ones.

From 1 April 2015 there is a unified rate of CT rather than separate main and small profits rates.

Different tax rates apply to companies with income and gains from oil and gas and gas extraction or oil rights, known as 'ring-fence' companies. These companies are also subject to a supplementary tax charge on their ring-fenced profits.

A special tax rate applies to unit trusts and open-ended investment companies.

Payment and assessment arrangements

Companies are required to assess their own CT liabilities on broadly the same principles that underlie income tax self-assessment. However, unlike income tax, the deadline for paying CT is before the deadline for filing the company tax return. The company tax return has to be filed within 12 months after the end of the accounting period.

Companies with taxable profits of more than £1.5 million annually are normally required to pay by Quarterly Instalment Payments (QIPs), where the first instalment becomes due in month 7 of the accounting period. Smaller companies in a group where the total taxable profits across the group are over £1.5 million must also pay under the QIPs system. Groups can set up Group Payment

Arrangements whereby one nominated company makes instalment payments on behalf of the group. Smaller companies outside the QIPs regime have to pay CT within 9 months and a day of their accounting period end date.

From 1 April 2011, companies have to submit their tax returns to HMRC online for accounting periods ending after 31 March 2010. Tax computations and (with a few exceptions) company accounts must be submitted in Inline eXtensible Business Reporting Language (iXBRL) format. CT must also be paid electronically.

Historical Background

Table 1. A summary of the history of the UK Corporation Tax regime.

Date	Corporation Tax changes
1965	CT introduced, with a uniform rate on all profits. An additional charge to income tax was made when profits were distributed.
1973	Small Companies' Rate (SCR) introduced, with Marginal Relief to smooth the progression between the SCR and the Main Rate. Advance Corporation Tax (ACT) and tax credits (the "partial imputation system") introduced.
1980s	Substantial reductions in the Main Rate (from 52% to 35%) and the SCR (from 40% to 25%). Reforms to the capital allowances regime.
1990s	Continued reductions in the Main Rate (from 35% to 30%) and the SCR (from 25% to 20%).
October 1993	CT Pay and File system introduced.
2 July 1997	Tax credits on dividends abolished.
1999	ACT abolished. CT Self-Assessment introduced. Quarterly instalment payments (QIPs) introduced for large companies.
1 April 2000	Starting Rate of 10% introduced.
1 April 2002	Starting Rate cut to zero.

	SCR reduced from 20% to 19%.
1 April 2004	Non-Corporate Distributions Rate (NCDR) introduced on profits distributed to "persons who are not companies".
1 April 2006	Starting Rate and NCDR replaced by a single rate set at the SCR.
1 April 2007	SCR raised from 19% to 20%.
1 April 2008	Main Rate reduced from 30% to 28%. SCR raised from 20% to 21%
1 April 2011	Main Rate reduced from 28% to 26%. Small Profits Rate (SPR), formerly known as SCR, reduced from 21% to 20%. Introduction of compulsory online filing for Company Tax returns
1 April 2012	Main Rate reduced from 26% to 24%
1 April 2013	Main Rate reduced from 24% to 23%
1 April 2014	Main Rate reduced from 23% to 21%
1 April 2015	Single unified rate of 20% introduced.
1 April 2017	Single unified rate reduced from 20% to 19%

Companies have been charged CT since 1965. Before that, they were liable to income tax on their total income and to profits tax. The system introduced in 1965 charged a uniform rate on all profits and an additional charge to income tax was made when profits were distributed.

The small companies' rate (SCR) was introduced in 1973 to allow companies with profits below a specified lower limit to pay a lower rate of CT. A system of marginal relief enabled a smooth progression in the average tax rate from the SCR to the main rate as profits increased.

In 1973, a 'partial imputation system' was introduced to mitigate the double tax charge when profits are distributed. This was achieved by the twin mechanisms of Advance Corporation Tax (ACT) and tax credits. A company paid ACT when it paid a dividend. ACT could be set off, within a limit, against the CT liability of the accounting period. The remaining tax liability was called "mainstream" Corporation Tax (MCT). ACT was used to finance the tax credit for the shareholder receiving the dividend. A company only had to pay ACT on the excess of its franked payments over its franked investment income. A subsidiary could pay a dividend to its parent company without paying ACT and a parent could surrender ACT it had paid to a subsidiary company.

A company that could not set off the whole of the ACT paid against the tax charged on its profits had "surplus ACT". This could be carried back for up to 6 years (up to 2 years before 1984) to reduce tax liability in earlier accounting periods, or it could be carried forward without time limit. In any accounting period, the amount of ACT set against tax on profits was limited to the amount that, together with the distribution to which it related, absorbed the whole of the profits of the accounting period.

ACT was payable on the 14th day of the month following the end of the quarter in which the distribution was made and mainstream CT was payable 9 months after the end of the accounting period. Before 1990-91, payment rules allowed a longer period before mainstream tax was paid. Some companies paid mainstream tax up to 21 months after the end of their accounting periods.

In October 1993 CT Pay and File was introduced. Under this administrative system, after nine months a company was required to pay its own estimate of its mainstream CT liability, rather than an estimate produced by the tax inspector. After twelve months, it submitted a standard return giving the basis of the liability. Further payments and repayments could be made when a final assessment of tax was agreed. This system also introduced some changes to accounting methods that increased the recorded levels of both payments and repayments, but had no effect on net receipts.

In July 1997, a series of reforms of tax credits and CT payments was introduced. Payments of tax credits to pension schemes and UK companies were abolished on dividends paid on or after 2 July 1997 and the remaining payments of tax credits were cut from 6 April 1999. ACT was abolished for dividends paid on or after 6 April 1999, as were Foreign Income Dividends that allowed companies to pay dividends without tax credits.

In 1999, CT Self Assessment was introduced. A system of Quarterly Instalment Payments (QIPs) was introduced for large companies starting with accounting periods ending on or after 1 July 1999. The first instalment became due in month 7 of the accounting period with further instalments due in months 10, 13 and 16 with any balance to be paid 9 months after the end of the period. Transitional arrangements phased in the change over four years. Quarterly payments were first made in January 1999 and the first large amounts were paid in July 1999.

In April 2000, a new starting rate of 10 per cent was introduced on profits up to £10,000, with a higher marginal rate on profits in the band £10,000 to £50,000. In April 2002, the starting rate was reduced to zero and the small companies' rate of CT to 19 per cent. In April 2004, a 19 per cent rate of CT was introduced on profits distributed to persons who are not companies, commonly referred to as the Non-Corporate Distributions Rate (NCDR). The zero per cent starting rate led to a significant growth in tax-motivated incorporations.

From April 2006 the NCDR and zero per cent rates were replaced with a single rate set at the small companies' rate of 19 per cent.

From 1 April 2007 the small companies' rate raised from 19 per cent to 20 per cent.

From 1 April 2008 the main rate was reduced from 30 per cent to 28 per cent and the small companies' rate was raised from 20 per cent to 21 per cent.

From 1 April 2011 the Small Profits Rate (SPR), formerly known as small companies' rate, was reduced from 21 per cent to 20 per cent and the introduction of compulsory online filing for Company Tax returns was introduced.

Between 1 April 2011 and 1 April 2014 the main rate was reduced from 28 per cent to 21 per cent (see table above).

From 1 April 2015 a single unified rate of 20 per cent was introduced.

From 1 April 2017 the unified rate was reduced to 19 per cent.

The Bank Levy

The Bank Levy is an annual charge based on the equity and liabilities reported in year-end balance sheets, for periods of account ending on or after 1 January 2011. The Bank Levy applies to the following:

- UK banks, banking groups and building societies
- Foreign banking groups operating in the UK through permanent establishments or subsidiaries
- UK banks and banking sub-groups in non-banking groups

No charge arises on the first £20 billion of chargeable equity and liabilities of the relevant period, which in practice means that only banks with a large operating presence in the UK pay the Bank Levy.

The Bank Levy is returned to HMRC as part of the supplementary pages to the CT600 company tax return. Liabilities and receipts are recorded on the HMRC COTAX system. All companies subject to the Bank Levy are deemed to be 'large companies' for payment purposes and therefore all liabilities are paid as quarterly instalments under the same provisions as CT.

Bank Levy liabilities are excluded from the CT liabilities in this publication.

Bank Levy Rates

The rates are:

01 January 2011 – 28 February 2011
0.5% for short-term chargeable liabilities and 0.025% for long-term chargeable equity and liabilities.

01 March 2011 – 30 April 2011
0.1% for short-term chargeable liabilities and 0.05% for long-term chargeable equity and liabilities.

01 May 2011 – 31 December 2011
0.075% for short-term chargeable liabilities and 0.0375% for long-term chargeable equity and liabilities.

01 January 2012 – 31 December 2012
0.088% for short-term chargeable liabilities and 0.044% for long-term chargeable equity and liabilities.

01 January 2013 – 31 December 2013
0.130 % for short-term chargeable liabilities and 0.065% for long-term chargeable equity and liabilities.

01 January 2014 - 31 March 2015
0.156% for short-term chargeable liabilities and 0.078% for long-term chargeable equity and liabilities.

01 April 2015 – 31 December 2015
0.21% for short term chargeable liabilities and 0.105% for long-term chargeable equity and liabilities.

01 January 2016 – 31 December 2016
0.18% for short term chargeable liabilities and 0.09% for long-term chargeable equity and liabilities.

01 January 2017 – 31 December 2017
0.17% for short term chargeable liabilities and 0.085% for long-term chargeable equity and liabilities.

From January 2016, bank levy rates will be steadily tapered downwards, ultimately reaching 0.10% for short term chargeable liabilities and 0.05% for long-term chargeable liabilities in January 2021.

The Bank Surcharge

The Bank CT Surcharge, commonly known as the Bank Surcharge, was introduced in The Finance Act (No 2) 2015 to levy a surcharge on the profits of banking companies from 1 January 2016.

The Bank Surcharge applies to all banking companies and building societies within the scope of the charge to UK CT.

The surcharge profits are calculated on the same basis as for CT but before the offset of losses that arise before the commencement date or from non-banking companies, and before the surrender of group relief from non-banking companies. R&D expenditure credits are excluded from the surcharge. The surcharge also applies to any chargeable profits of a Controlled Foreign Company (CFC) which are apportioned to a banking company.

There is an annual allowance of £25 million available to banking groups or, where a group has only one banking company or the banking company is not in a group to that banking company alone.

The Bank Surcharge is paid alongside a company's liability to CT. Liabilities and receipts are recorded on the HMRC COTAX system.

Bank Surcharge Rates

From 01 January 2016
A single rate of 8% on chargeable profits over £25 million.

Banking Sector Tax Receipts Statistics

HMRC Official Statistics on CT and PAYE receipts from the Banking Sector were published for the first time on 31 August 2011. The latest publication is available on the HMRC National Statistics website:

https://www.gov.uk/government/collections/paye-and-corporation-tax-receipts-from-the-banking-sector

Annex B: Data sources and Methodology

Data sources

Receipts

The data for CT receipts and Bank Levy receipts (table 11.1A) comes mainly from postings recorded on the HMRC COTAX administrative system. These are downloaded every night into databases for analysis the following day.

Liabilities

The data for CT liabilities (tables 11.1B – 11.10) comes from CT assessments and returns as recorded on the HMRC COTAX administrative system.

For years shown in the tables prior to 2005-06, a stratified sample consisting of 100 per cent of 'large' companies and 10 per cent of 'small' companies' were extracted from COTAX on a monthly basis for analysis.

For the purposes of compiling the sample dataset, the definition of a 'large' company was based on a number of criteria including profits, losses, allowances and turnover. All companies served by the HMRC Large Business Service (LBS) were included in the sample, as were all companies that were part of a Group Payment Arrangement (GPA). Taken together, these 'large' companies accounted for around 80 per cent of the total CT liability.

For years shown from 2005-06 onwards, data from 100 per cent of companies is used.

The available data for each company is as recorded on the Company Tax Return (CT600) form, including any modifications or additions made in subsequent assessments. The CT600 form contains a systematic record of the company's CT calculations, starting with its income and chargeable gains and taking into account any relevant deductions and reliefs.

Checks carried out on the data include the following:

- COTAX detects calculation errors in the tax return and displays messages on the screen.
- Further automated checks take place when loading data into the analysis database. Inconsistencies are automatically 'repaired' if possible; otherwise the record is flagged as invalid.
- Analysts check that the number of records loaded into the analysis database is as expected.
- Reports are run showing the cases with the largest profits and losses. These are examined individually. Records deemed to be incorrect are adjusted in the analysis database.

- Any large changes in receipts or liabilities figures from one statistical release to the next are investigated.
- Total CT receipts figures are checked for consistency with the latest HMRC financial outturn position.

A large company may trade at many different locations throughout the UK. However, its CT return will be made on behalf of the whole company and linked to its registered office address. A geographical breakdown would show all of the company's profits and tax liability as originating at the location of the registered office, which does not reflect the company's actual business activities. Therefore, CT National Statistics are only produced at national level. Statistics showing sub-national breakdowns of tax receipts can be found at the following link: https://www.gov.uk/government/statistics/disaggregation-of-hmrc-tax-receipts

Because all of the necessary data for the CT National Statistics is obtained from an administrative data source (COTAX), there is no additional burden on companies or HMRC tax inspectors to provide information.

Methodology

For companies where data is not available for a particular year, profits, deductions and tax liabilities are imputed by extrapolation from a recent year's data. Companies where no data has been received for any year ('inactive cases') are excluded prior to the imputation stage. Grossing is then applied to scale up the sample results to represent the entire population.

For the latest published year for those companies with net chargeable profits, the percentage of imputed cases is around three per cent.

Company CT assessments are subject to revision and although the majority of assessments are finalised within two years, there are exceptional cases which can take much longer. There is, therefore, no specific point at which all the CT liabilities for a particular year can be considered as 'final'.

The statistics are revised each year for the five years before the latest published year. Reasons for changes in liabilities include:

- revisions to the assessment, for example to carry back losses from later years, or because of an HMRC enquiry
- amendments to correct errors in the original assessment
- late submission of the company's tax return, replacing the imputed figures in the previous release of the statistics

For the calculations necessary to show the profits breakdown by small profits rate, marginal small profits rate and main rate in table 11.3, an average effective tax rate is calculated for each company. This includes companies whose accounting period spans two financial years and/or whose accounting practices mean they can charge certain parts of their activity at the main rate. This calculation is undertaken as part of the database production process by dividing the tax by the profits chargeable across the full company. This effective tax rate is used to classify companies by CT rate, resulting in some companies being counted as 'small profits rate' on average even if some parts of their activity would be taxed at the higher rate.

The total CT liability typically decreases from the time of initial publication to the revision in the following year's publication. Changes in recent years have been up to 2 per cent per year in either direction. These changes were observed in the statistics in recent years. It should not be assumed that the same pattern of changes would necessarily apply in future.

Potential sources of error

Possible sources of error in the published statistics include the following:

- Data capture errors: Companies may make errors entering their information onto the CT600 Company Tax Return form, whether this is done on paper or electronically. This data is subsequently entered onto the COTAX system either manually or by electronic transmission, which is another point at which data may be altered due to human or software error. There is a risk that errors involving very large profits or tax amounts may distort the overall statistics. To mitigate this, checks are carried out and any incorrect large values that are detected are altered in the analysis database before the statistics are produced.

- Other data quality errors: Companies are classified by industrial sector using the SIC 2007 standard and the Summary Trade Classification (STC) codes. The quality of the statistics is limited by the accuracy and consistency with which these codes have been assigned. To deal with known issues some adjustments and corrections are made before the statistics are produced.

- Imputation errors: When estimating tax liabilities for the latest available year, figures are not necessarily available for all companies. Missing cases are imputed, taking into account the figures from previous years. In a volatile economic climate, where companies' results are fluctuating widely from year to year, such imputed figures may not always give an accurate estimate. Statistics that are more accurate will be available a year later, by which time almost all companies will have completed returns and assessments.

- Data processing errors: It is possible that errors exist in the programs used to analyse the data and produce the statistics. This risk is reduced through developing a good understanding of the complexities of CT, and thoroughly reviewing and testing the programs that are used.

Annex C: Glossary

Accounting Period

The period used to determine the company's taxable profit for CT; it normally matches the company's financial year.

Advance Corporation Tax (ACT)

Component of CT levied on dividend payments and usually payable in the following quarter. ACT was abolished in 1999.

Capital Allowances

Capital allowances enable a company to deduct (write off) the cost of its capital assets such as machinery, computers, equipment or vehicles against its taxable profits for CT. A portion of the cost is deducted each year over a specified period.

Chargeable Gains

Chargeable gains are the profits or gains made by a company when it sells or disposes of an asset, such as shares or property. Companies do not pay Capital Gains Tax; instead, the gains are treated as taxable profits for CT purposes.

Company Tax Return

A company or organisation that is subject to CT has to submit a Company Tax Return to HMRC for each accounting period. The Company Tax Return consists of a CT600 form with relevant supplementary pages, accounts and computations.

COTAX

COTAX is the HMRC administrative computer system for Company Taxation. It holds records of companies' tax returns and assessments, as well as CT receipts.

Corporation Tax Liabilities

The amount of CT that companies have to pay to HMRC. CT liabilities are considered to be accrued in the financial year of the end date of the company's accounting period.

Corporation Tax Receipts

The amount of CT collected by HMRC.

Main Rate

The rate of CT paid by companies with profits above the lower profits limit. Companies with profits between the lower and upper profits limit are taxed at main rate but can usually claim Marginal Relief (see below).

Mainstream Corporation Tax (MCT)

Between 1973 and 1999, MCT was the remaining amount of CT payable, after the Advance Corporation Tax (ACT) amount had been set off.

Marginal Relief (previously known as Marginal Small Companies Relief)

This can be claimed by companies with taxable profits between the lower and upper profit limits, to enable a smooth transition between the small profits rate and the main rate of CT.

North Sea Oil

Now called ring-fenced oil and gas companies – see below.

Quarterly Instalment Payments (QIPs)

Since 1999, large companies have been required to pay their CT by quarterly instalments.

Ring-fenced oil and gas companies

Companies involved in the exploration for, and production of, oil and gas in the UK and on the UK Continental Shelf (UKCS) are liable for Offshore CT which is comprised of Ring-Fence Corporation Tax (RFCT) and the Supplementary Charge (SC). Collectively, these are known as ring-fenced oil and gas companies.

Previously, these were referred to as "North Sea Oil". However, not all receipts and liabilities come from activities exclusively in the North Sea and therefore we have renamed this sector. See: https://www.gov.uk/guidance/oil-gas-and-mining-ring-fence-corporation-tax

Set-offs

Set-offs are reductions to a company's CT liability because the company has already suffered tax in another form, such as Advance Corporation Tax (ACT) or Income Tax. Another set-off is double taxation relief, which may apply if the company has paid tax abroad on part of its profits. Marginal Relief can also be considered as a set-off.

Small Companies' Rate (SCR)

The rate of CT paid by companies with profits below the lower profits limit. Now known as Small Profits Rate (SPR) – see below.

Small Profits Rate (SPR)

Since April 2010, the lower rate of CT was called the Small Profits Rate (SPR) rather than Small Companies' Rate (SCR). This makes clear that it is the size of the profits, rather than the size of the company, which determines the tax rate to be applied.

Starting Rate

Between 2000-01 and 2005-06, a starting rate of CT applied to companies with taxable profits less than £10,000. Companies with profits between £10,000 and £50,000 could claim marginal starting rate relief, which worked in a similar way to the Marginal Relief described above.

Standard Industrial Classification of Economic Activities (SIC)

The United Kingdom Standard Industrial Classification of Economic Activities (SIC) is used to classify business establishments and other standard units by the type of economic activity in which they are engaged. The version of these codes (SIC 2007) adopted by the UK as from 1st January 2008 is used in this publication.

Summary Trade Classification (STC)

Summary Trade Classification (STC) codes are 2-digit codes used by HMRC to classify companies by their type of business activity. This classification was based on the Standard Industrial Classification SIC (92).

Trust Statement

The HMRC Trust Statement is a statutory account, which shows the revenue and expenditure related to the taxes and duties collected by HMRC. It is audited by the National Audit Office, and published and laid before Parliament annually.

Annex D: The 2014-15 Corporation Tax rate structure

In April 2015, a single unified rate of 20 per cent CT was introduced and therefore a lower small profits rate and marginal relief no longer apply.

Companies with accounting periods up to and including 2015-16 who qualified for small profits rate or marginal relief were able to claim for that period.

Corporation Tax payable under marginal relief: calculated example.

Companies with profits up to £300,000 pay CT at the small profits rate (20%). Most companies with profits greater than this, but less than £1.5 million, can claim marginal relief.

Marginal relief is calculated using the standard fraction, which for 2014-15 was 1/400.

Suppose that a company has taxable profits of £500,000 and there are no associated companies or franked investment income. The profits exceed the lower limit of £300,000 therefore CT is due at the main rate:

CT = 21% x £500,000 = £105,000.

However, because the profits are less than the marginal relief upper limit of £1.5 million the company can claim marginal relief, which is calculated as follows:

Marginal relief = (Upper limit – Profits) x Standard Fraction

= (£1,500,000 - £500,000) x 1/400 = £2,500

So, CT payable = £105,000 – £2,500 = £102,500.

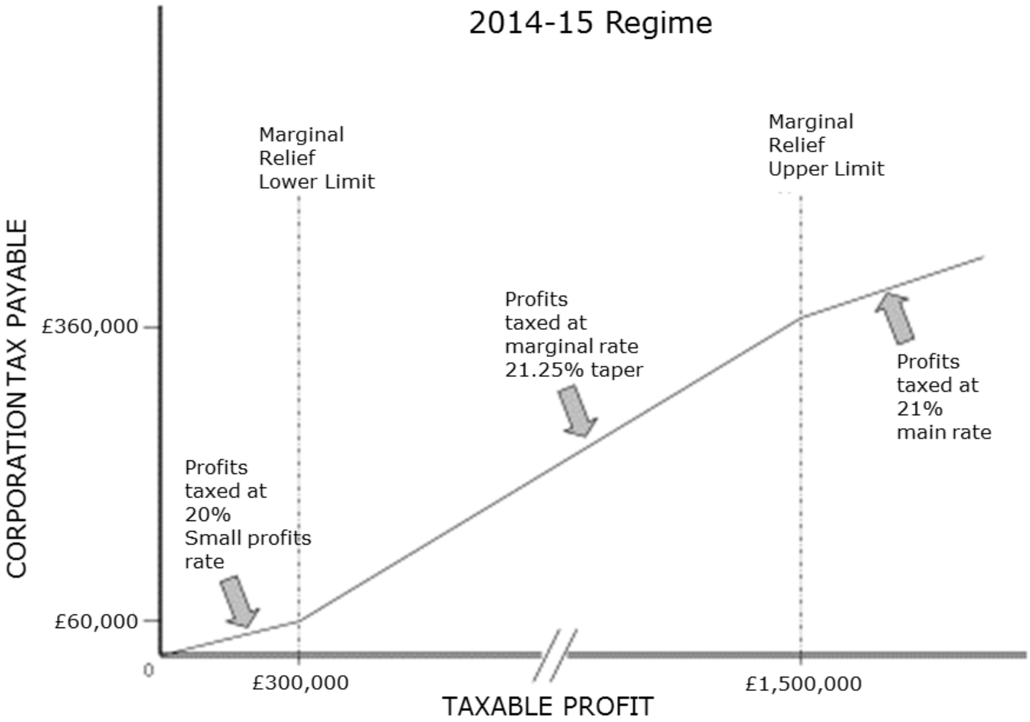
An alternative way to calculate this is to consider the first £300,000 to be taxable at the small profits rate (20%), and the remaining £200,000 to be taxable at the marginal rate of 21.25%.

CT payable = (£300,000 x 20%) + (£200,000 x 21.25%)

= £60,000 + £42,500 = £102,500.

This is equivalent to paying at 20% on the first £300,000 and at 21.25% on the remainder, so that by £1.5 million they are paying at an average rate of 21% (the rate of CT for 2014-15).

The diagrams show how current tax liabilities and rates change as company profits increase. Marginal relief is equivalent to being taxed at the small profits rate up to the lower limit and then at a higher marginal rate up to the upper limit.


2014-15 Regime
Marginal
Relief
Lower Limit
Marginal
Relief
Upper Limit
CORPORATION TAX PAYABLE
£360,000
£60,000
0
Profits
taxed at
marginal rate
21.25% taper
Profits
taxed at
21%
main rate
Profits
taxed at
20%
Small profits
rate
£300,000
£1,500,000
TAXABLE PROFIT