1999

11. CORPORATE TAXATION

A. INTRODUCTORY NOTE

1. This section presents analyses of the direct taxes paid by companies: mainly corporation tax and, for companies extracting oil or gas from the North Sea, petroleum revenue tax. This chapter excludes the windfall tax on the excess profits of privatised utilities which was introduced in the July 1997 Budget (see table 1.2 for details).

B. CORPORATION TAX

An outline and major milestones

2. Corporation tax is charged on the profits made by companies, public corporations and unincorporated associations such as industrial and provident societies, clubs and trade associations. The tax is charged on the profits made in each accounting period, ie the period over which the company draws up its accounts. The rates of tax are set for the financial year- April to March; where an accounting period straddles 31 March the profits are apportioned between the two financial years on a time basis.

3. Companies have been charged to corporation tax since 1965. Before that they were liable to income tax on their total income and also 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.

4. 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.

5. In July 1997, the new Government began a series of reforms of tax credits and corporation tax payments. 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 which allowed companies to pay dividends without tax credits. A system of quarterly instalment payments of corporation tax was introduced for large companies for accounting periods ending on or after 1 July 1999.

The partial imputation system

6.. Until April 1999 a company paid ACT when it paid a dividend. This tax could be set off, within a limit, against the corporation tax liability of the accounting period. The remaining tax liability was called "mainstream" corporation tax. One purpose of ACT was to finance the tax credit which the Exchequer made available to the shareholder receiving the dividend. The tax credit could be set against the shareholder's income tax liability on the dividend or, until the payment of tax credit was abolished for non-taxpayers and exempt institutions, the credit would be paid to the shareholder.

7. A company which 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 which, with the distribution to which it related, absorbed the whole of the profits of the accounting period. For example, a company with profits of 100 would have had an ACT limit of 20 (assuming an ACT rate of a quarter), because a distribution of 80 and ACT of 20 would have absorbed all the profits of 100.

Tax rates

8. The rates of corporation tax since 1969 are shown in appendix A.6. Rates were substantially reduced from 1983 to 1986 as part of a range of measures which included the abolition of stock relief and major changes to capital allowances (see paragraph 10 below). The rate of ACT changed in line with the basic rate of income tax until 1992-93. From then until its abolition the rate was linked to the lower rate of income tax of 20 per cent with a transitional rate for ACT (equivalent to 22.5 per cent) in 1993-94.

9. Since 1973, there has been a lower rate of corporation tax for companies with small profits. The rate applies when the profits are below a lower limit of profits (as given in appendix A.6). Between that limit and an upper limit, a higher marginal rate is applied to produce a smooth progression in the average tax rate from the lower rate to the main rate which applies above the upper limit. 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 April 2000 there will be a new starter rate of 10% on profits up to £10,000 but the benefit will be withdrawn for more profitable companies by a higher marginal rate on profits in the band £10,000 to £50,000.

Payment and assessment arrangements

10. ACT was payable on the 14th day of the month following the end of the quarter in which the distribution was made and mainstream corporation tax 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.

11. A further change was made for all accounting periods ending on or after 1 October 1993 when Corporation Tax Pay and File was introduced. Under this administrative system, after nine months a company was required to pay its own estimate of its mainstream corporation tax 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 which increased the recorded levels of both payments and repayments, but had no effect on net receipts.

12. When ACT was abolished in 1999 large companies with accounting periods ending on or after 1 July 1999 were required to pay their corporation tax in four equal quarterly payments starting in month 7 of their accounting periods with any balance to be paid 9 months after the end of the period. Transitional arrangements phase in the change over four years. Quarterly payments were first made in January 1999 and the first large amounts were paid in July 1999.

13. For corporation tax 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 (see Chapter 14) except that companies have no exempt amount and company gains are not affected by the reforms made in 1998 to capital gains tax. Before 1987, gains charged to corporation tax were reduced by a specified fraction (see appendix A.6) to produce the equivalent of the tax rate on gains by individuals.

14. Capital allowances provide relief, for corporation tax 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 appendix 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

15. 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.

16. 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. From April 1996, new "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

17. Certain special rules and reliefs apply to companies which operate as a group. A company which 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. Before the abolition of ACT 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.

Inter-company dividends

18. 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". A company only had to pay ACT on the excess of its franked payments over its franked investment income.

C. TAXATION OF OIL AND GAS PRODUCTION (INCLUDING PETROLEUM REVENUE TAX)

Petroleum revenue tax

19. Companies which earn profits from the extraction under licence of oil and gas from the UK and its continental shelf (mainly from the North Sea) are liable to petroleum revenue tax (PRT) as well as corporation tax on their share of the production of fields approved for development before 15 March 1993. Revenues from fields approved after that date are only subject to corporation tax on their profits.

20. Unlike corporation tax, PRT is not assessed on each company's profits for a 12 month accounting period. It is assessed every six months on each company's share of the cash flow from each separate oil field. Fields are determined on geological grounds by the Department of Trade and Industry (formerly by the Department of Energy). The assessment also includes tariff receipts from the hire of infrastructure, such as pipelines, and receipts from the sale of some assets. Fields from which gas has been sold to British Gas (Centrica from early 1997) under contracts agreed before July 1975 are generally exempt from PRT.

21. Broadly, oil and gas sales are brought into tax at their arm's length value (with special rules applying where the sale is not at arm's length). These are termed "gross profits". Costs of finding, appraising, extracting and transporting the oil and gas to a place of reasonable delivery are deducted. PRT gives immediate full relief for allowable expenditure rather than writing down allowances and revenue deductions. There are also deductions for royalties and other licence payments.

22. Various further deductions and reliefs are available against income assessed for PRT liability:

- Losses when expenditure is greater than income: such losses can be carried forward or backward indefinitely;

- Uplift: a supplement of 35 per cent is given on past capital expenditure being carried forward to the pay-back period to compensate for interest and other finance costs being non-deductible against PRT. The pay-back period covers the time when the cumulative field income exceeds the cumulative costs (allowable expenditure, including uplift, royalty, and any advance petroleum revenue tax);

- Oil Allowance: for fields approved for development up to 31 March 1982, an oil allowance equal to the profits of the field up to the value of 0.25 million tonnes of oil is given for each 6 month chargeable period, subject to a total of 5 million tonnes per field. For fields given development consent after 31 March 1982 and before 16 March 1993, a double allowance (0.5 million tonnes per chargeable period up to a total of 10 million tonnes per field) is given for offshore fields outside the Southern Basin of the North Sea; Southern Basin fields approved between those dates receive an allowance of 0.125 million tonnes up to a total of 2.5 million tonnes;

- Tariff Receipts Allowance: this excludes from charge tariff income from each 'satellite' field approved for development before 16 March 1993 up to a limit of the income from processing 0.25 million tonnes in a 6 month chargeable period;

- Exploration and Appraisal Relief: offshore expenditure on exploration and appraisal, like other spending can, if necessary, be carried forward to be set against revenues in the same field. However expenditure occurring between 16 March 1983 and 15 March 1993 could obtain immediate PRT relief by being set against any profits in a developed field of the same company. This relief was phased out in the period to 15 March 1995;

- Unrelievable Field Loss: when a field is abandoned with a net loss for PRT purposes, this can be transferred to a productive field;

- Cross Field Allowance: companies cannot in general defer tax on profits in one field by offsetting costs in another. However, the cross field allowance has allowed 10 per cent of development expenditure in offshore fields outside the Southern Basin of the North Sea and approved for development between 17 March 1987 and 15 March 1993 to be deducted from profits in other fields;

- Research Relief: since 1987, certain research expenditure not related to specific fields has been deductible, but only after a three year delay. The first such relief appears in assessments for the first 6 months of 1990.

23. Tax is charged on profits arising in each chargeable period and the rates at which petroleum revenue tax has been charged are:

1975 to 1978	45 per cent
1979	60 per cent
1980 to 1982	70 per cent
1983 to June 1993	75 per cent
from July 1993	50 per cent

24. Safeguard relief may be set against the tax charge. This is available in chargeable periods up to pay-back and for half as many periods again. If, in any of these periods, the tax charge would otherwise reduce the return on a field for the period, before corporation tax, to less than 15 per cent of the cumulative "upliftable" expenditure measured on the basis of historical cost, the charge is cancelled. There is also a tapering provision which limits the charge to a maximum of 80 per cent of the excess if the rate of return on the field exceeds 15 per cent of the cumulative upliftable expenditure.

25. PRT is paid by instalments each month with payments based on 75 per cent of the liability in the previous period. Companies make self-assessed residual payments on account two months after the end of each chargeable period. Assessments are issued three months later and any repayments from the carry back of losses would be made subsequently.

Corporation tax

26. The corporation tax regime for companies which operate in the North Sea allows any PRT liability as a deduction against chargeable profits. There are however special rules which prevent profits from oil and gas production being reduced by losses transferred from other activities; North Sea profits are 'ring fenced' for corporation tax purposes. Similarly ACT accounted for on dividends paid by associated UK resident companies outside the ring fence cannot be set off against tax liability of companies within the ring fence.

Other imposts

27. In addition to PRT and corporation tax, other imposts charged on North Sea oil and gas production are as follows:

- Royalties: administered by the Department of Trade and Industry and, broadly, levied at 12.5 per cent of the value of production, less the cost of initial transportation and treatment, for fields approved before 1 April 1982. Royalties payable are deductible against profits chargeable to PRT and corporation tax;

- Gas Levy: administered by the Department of Trade and Industry and levied, since 1982-83, at 4p per therm on certain PRT exempt deliveries from fields under contracts dating before 1975. It was paid by British Gas (now Centrica) as a consumer and was deductible against profits for corporation tax purposes. The gas levy was cut to zero in April 1998;

- Supplementary Petroleum Duty: was charged in 1981 and 1982 at 20 per cent on oil and gas revenues (less an allowance of the value of 0.5 million tonnes per field in each 6 month period). It was treated as an expense for the purpose of computing PRT;

- Advance Petroleum Revenue Tax: was charged from 1983 to 1986 on oil and gas revenues (less an allowance of the value of 0.5 million tonnes per field in each 6 month period). Rates of charge decreased from 20 per cent to 5 per cent over the 4 years. Credit for it was given against any liability for petroleum revenue tax. Any amount not credited was repaid after 5 years or earlier in some circumstances.

D. NOTES ON THE TABLES AND CHARTS

Table 11.1: Mainstream corporation tax accruals, 1991 to 1998 and corporation tax receipts, 1992-93 to 1999-2000

28. Table 11.1 is in two sections. The top section of the table gives estimates of the accrual of mainstream corporation tax for accounting periods ending in each financial year. This broadly approximates to tax accruing on profits earned in the calendar year as shown. The lower section of the table shows annual receipts of both mainstream tax and ACT and for 1998-99 and 1999-2000 it also shows the amounts to be paid under the new instalment regime. The receipts of mainstream tax in each financial year are shown directly below the years (in the top section) when most of the tax accrued. ACT was normally paid in the quarter following the dividend payment. The instalment payments shown in the table mainly reflect the first year of the transition when large companies are required to pay four instalments, each of 15% of their annual liability, to be followed later by the balance of 40%. A few of the payments in 1990-2000 are for the second year of the transition when each instalment should be 18% of the annual liability. The dates for the payments are given in paragraph 12.

29. Estimates of the receipts in 1999-2000 and the accruals in 1998 are consistent with the economic assumptions and estimates given in *Budget 1999 Building a Stronger Economic Future for Britain*. The receipts figures for earlier years are final but those for accruals of mainstream corporation tax may be revised as further information becomes available. Tax charged on corporate gains is not accounted for separately in tax receipts and therefore rounded estimates are provided as a memorandum item in table 11.1.

Table 11.2: Income, allowances, deductions and tax accruals by company sector, 1994 to 1998

30. Table 11.2 gives estimates of profits and other income subject to tax, allowances and deductions, and corporation tax accrual for the two main subsectors of the corporate sector. The table follows the stages of the tax assessment. It starts from the gross trading income or gross case 1 profits which takes account of trading expenses and interest payments on short term loans and from 1996 deductions under the new rules for loan relationships. Capital allowances, as detailed in appendix A.5, are taken into account and balancing charges, the amounts by which the realised value of depreciable assets exceeds their written down value, are added back. Any losses from the same trade carried forward from earlier periods are then deducted to give the net trading income. Life assurance companies are excluded from the estimates for financial companies as their tax assessments are subject to different rules.

31. Other income and capital gains are included, but offset by any trading losses of the period which have not been used in calculating trading income. Next, charges, which until April 1996 were mostly long term interest and other annual payments made by the company, are deducted. Since 1996, under the new loan relationship rules these have been much smaller than previously as most relevant payments have already been deducted from gross case 1 profits or other income. Any other allowable deductions and group relief are also subtracted. The result is the profit chargeable to corporation tax.

32. The next line shows the charge to corporation tax if all profits were charged at the main rate. This is then reduced by small company relief. This is the difference between tax at the main rate and tax at the small companies' rate (including marginal relief if appropriate). Three offsets are shown, for double taxation relief, for advance corporation tax and for income tax deducted at source.

33. The figures in this table are consistent with the accruals in table 11.1. They will also be revised as more information becomes available (see paragraph 29). In both tables the estimates are consistent with the income estimates in National Accounts and the receipts of tax. In subsequent tables, data are not adjusted in this way.

Tables 11.3, 11.4 and 11.5: Computation of corporation tax liability, 1994-95 to 1997-98

34. These tables are estimated from data for a stratified sample of companies in which large companies are sampled more than proportionately. The data collected come from:

i. tax assessments where they have been agreed with the Inland Revenue;

ii. if there is no agreed assessment, draft assessments or the taxpayer's own tax computations submitted to the Inland Revenue with any provisional amendments pending final agreement; the taxpayer's own computations comprise the major part of the estimates for the most recent years;

iii. if no other information is available, extrapolations from agreed assessments for past years or for related cases.

35. The analyses by industry are as far as possible consistent with the Standard Industrial Classification (SIC) (see appendix D). The unit of classification is the company. A company is placed in the industry of its largest source of profit. Statistics produced by other departments may use a different unit of classification, eg the establishment, and may not be directly comparable with these figures. Privatised public corporations are included in the tables from the point at which they fall within the scope of corporation tax.

36. 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 tax purposes, 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".

37. 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). Companies with unrelieved trading losses and no other income are excluded as are companies without any reported income for the year. The total number of these excluded companies in 1997-98 was about 300,000.

Tables 11.6 to 11.8: Payments of corporation tax, 1997-98 and 1998-99

38. Tables 11.6 and 11.7 present analyses of gross mainstream corporation tax payments made during the financial years shown. The figures exclude repayments and so differ from net receipts shown in table 11.1. They also exclude small amounts of corporation tax paid by instalment between January and March 1999. The figures are estimated from a sample and therefore sampling errors may cause further differences. The figures for 1998-99 are provisional.

39. Table 11.7 shows the distribution of payments by industry.

40. Table 11.8 shows the extent of variation in mainstream corporation tax payments from year to year. In 1998-99, 94,200 companies which paid tax in 1997-98 did not pay any mainstream tax, while 107,800 companies which did not pay in 1997-98 did pay in 1998-99. Only 1,400 companies paid more than £1 million in both years.

Tables 11.9 and 11.10: Capital allowances due 1970 to 1996, and by industry, 1995 and 1996

41. The types of capital asset which qualify for relief and the rates of allowances since 1978 are given in appendix A.5. Rates of allowance between 1965 and 1978 are contained in appendix A.3 of Inland Revenue Statistics 1996.

42. These tables 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.

43. The estimates of total allowances are based on the sample referred to in paragraph 34.

Tables 11.11 to 11.14: Distributions and ACT payments, annual payments and income tax, 1992-93 to 1997-98 and by industry, 1996-97 and 1997-98

44. Table 11.11 shows annual levels of franked payments, franked investment income, and ACT payable. The data are derived from the quarterly returns made by companies to account for their ACT on distributions made in the years leading up to the abolition of ACT in April 1999.

45. Tax-credits to non-residents: distributions paid to non-residents could in certain circumstances be accompanied by a part payment of the tax credit under a double taxation agreement. Companies funded payment of the tax credit by withholding part of the ACT they would have otherwise handed over.

46. ACT repayments. Repayments of ACT occurred:

i. when franked investment income exceeded franked payments;

ii. when tax credits paid to non-residents could not be fully set off against ACT liability; and

iii. when liability to petroleum revenue tax of a company operating in the North Sea reduced the ACT that could be set off against corporation tax liability;

iv. when a company was left with surplus ACT arising from the payment of a foreign income dividend.

47. Table 11.12 gives details of 'annual payments' by companies; these include yearly interest, patent royalties, annuities, some rents and payments under deeds of covenant. When a company makes an annual payment it deducts income tax at the basic rate which it must pay to the Inland Revenue. The arrangements for paying the tax are similar to those that apply to advance corporation tax (see above) with the reports being made on the same forms. Special arrangements apply to payments to non-residents.

48. If, in its accounting period, a company receives payments from which income tax has been deducted, it may set off the tax deducted against its own liability to deduct income tax from the payments it makes in the same period. Any tax deducted which cannot be set off may be used to satisfy the company's liability for corporation tax on the payments received or it may be repaid.

49. Tables 11.13 and 11.14 provide an analysis of these payments by type of industry.

Table 11.15, charts 11.1 and 11.2: Government revenues from oil and gas production, 1968-69 to 1999-2000

50. Table 11.15 summarises the tax revenues from oil and gas production in the UK and its continental shelf since 1968-69. The yield from the gas levy is shown in the table, but it is excluded in estimates of the total tax on income from oil and gas production because it is categorised as a tax on expenditure. APRT is included with petroleum revenue tax.

51. The corporation tax estimates include the mainstream tax and ACT set-off against the tax charged. Dividends attributable to UK oil and gas production cannot be separately identified from other dividends and therefore the amount of ACT set-off is estimated. The amounts for years back to 1994-95 have been revised. Also the 1997-98 receipts of mainstream corporation tax have been revised to reflect new information on companies treated as within the ring-fence.

52. Chart 11.1 shows the annual tax yield, and its separate components, since 1977-78. Chart 11.2 shows three of the main determinants of tax liability: annual production, the sterling oil price, and total expenditure. Each is shown as an index based on 1990 = 100 and the absolute values in 1990 were as follows:

Production:	131 million tonnes of oil or the energy equivalent of gas (92 million tonnes of oil and natural gas liquids and 39 million tonnes oil equivalent of gas);
Oil price:	£95 per tonne (£12.60 per barrel) average over 1990;
Total expenditure:	£8.0 billion of capital, operating and exploration and appraisal expenditure.

The tax yield halved in 1986-87 because of the comparable fall in the oil price in 1986. Subsequently, it continued to fall as expenditure rose, but from 1992-93 to 1996-97, the yield rose steadily in line with rising production and some recovery in oil prices. The latest estimates of the yield, published in the March 1999 Budget report, reflect the sharply lower oil prices of that time.

53. Further information about North Sea production is available in *The Energy Report 2. Oil and Gas Resources of the United Kingdom 1999* published by the Department of Trade and Industry.

Table 11.16: Petroleum revenue tax assessments, 1993 to 1998

54. This table summarises the assessments made for each six month period from the first half of 1993 to the second half of 1998. Estimated assessments which may later be revised are included.

55. No PRT assessment on a field is made until production commences. At that stage, all expenditure claimed by the companies during the preceding development is taken into account. In general, assessments may be delayed when there is no liability to tax; the table figures do not include allowance for such cases.

56. In the table, the deduction for expenditure is limited to the amounts in assessments required to reduce the assessable profit to nil. Field expenditure (both capital and operating) in the period is distinguished from expenditure claimed under the cross-field reliefs (mainly exploration and appraisal relief). Losses brought forward from earlier periods are not subdivided; they are predominantly from field expenditure as it is usually inefficient to claim cross-field reliefs before they are effective.

57. As stated above, losses in a period (which are sometimes augmented by use of cross-field reliefs) may be carried back

indefinitely to earlier periods to reduce liabilities, leading to tax repayments. In the main part of the table, these losses are attributed to the period to which they were carried back. A memorandum item gives for each period the PRT arising for repayment as a result of losses carried back from the period; it is split between repayments of principal and associated interest. There is thus no simple direct link between the amounts of PRT paid in each financial year and the amounts shown as payable for each reporting period.

Table 11.17: Oil and gas fields assessed for PRT, 1993 to 1998

58. In this table, the amount of tax for each field is the sum of the amount shown on the assessments for all the companies with an interest in the field. For the more recent periods, the numbers of fields with no liabilities will be revised as further assessments are made.

E. ENQUIRIES AND FURTHER INFORMATION

59. Some statistics are updated during the year as more data become available. Further analyses may also be available but users will normally be asked to meet the costs of providing them.

60. Enquiries about statistics on corporate taxes should be addressed to the appropriate statistician listed below at Analytical Services Division, Inland Revenue, West Wing, Somerset House, Strand, London WC2R 1LB. Tel 0171 438 (Extension).

Corporation Tax receipts	Elizabeth Mellor	Ext 7423
Assessment and distributions	Richard Balley	Ext 6271
Capital Allowances	Jane Whittaker	Ext 7624
North Sea taxes	Peter Smedley	Ext 6384

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11.1 Corporation tax

Mainstream corporation tax accruals 1991 to 1998 and corporation tax receipts, 1992-93 to 1999-2000

Amounts: £ million

Onshore mainstream corporation tax - accrual	1991	1992	1993	1994	1995	1996	1997	1998
Company sector								
Industrial and commercial	7,640	7,739	9,086	11,794	13,343	14,278	14,235	14,065
Financial including Life Assurance	1,750	2,005	3,694	4,149	4,374	5,600	6,100	6,432
Overseas	30	40	40	100	98	130	169	200
Total	9,420	9,784	12,820	16,043	17,815	20,008	20,504	20,697

Corporation tax receipts	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Mainstream corporation tax								
Onshore companies								
Gross payments	9,499	9,562	13,452	15,991	17,845	20,200	20,413	20,750
Repayments	2,796	2,683	2,371	2,630	2,577	2,690	2,641	2,400
Net receipts	6,703	6,879	11,081	13,361	15,268	17,510	17,772	18,350
Public Corporations	140	153	142	230	203	467	225	250
North Sea companies	202	39	81	92	430	958	951	450
Total	7,045	7,071	11,304	13,683	15,901	18,935	18,948	19,050
CT Instalment Payments	0	0	0	0	0	0	80	10,150
Advance corporation tax								
Gross payments	9,029	8,060	8,300	10,257	12,426	12,560	12,076	2,200
Repayments	291	244	214	371	539	1,058	1,072	1,500
Net receipts	8,738	7,816	8,086	9,886	11,887	11,502	11,004	700
Total net receipts of corporation tax	15,783	14,887	19,390	23,569	27,788	30,437	30,032	29,900
Memorandum item: Estimated receipts from corporation tax charge on capital gains	250	200	600	600	1,030	1,120	1,600	2,400

11.2 Corporation tax

Income, allowances, deductions and tax accruals by company sector, 1994 to 1998

Amounts: £ million

	Home industrial and commercial companies excluding North Sea oil and gas					Financial companies excluding Life Assurance				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Gross Case 1 profits	93,152	100,191	103,630	109,538	107,393	26,078	27,465	29,239	30,538	34,053
Capital allowances used	29,705	30,627	33,020	34,877	34,759	5,967	6,181	6,785	6,704	8,302
Balancing charges	600	716	366	563	800	281	198	152	223	221
Losses brought forward and used	5,643	6,513	4,632	4,798	3,792	1,494	1,314	1,533	1,641	1,162
Net Case 1 profit	57,963	63,084	66,008	70,427	69,642	18,898	20,168	21,073	22,416	24,809
Other income and gains	26,995	33,759	30,557	34,301	36,811	17,996	21,651	16,999	16,675	17,808
Losses used against other income	2,877	3,228	2,793	3,276	3,629	1,642	1,340	1,544	1,426	1,523
Charges paid and relieved	10,525	12,454	2,993	2,692	2,801	7,063	8,789	1,530	740	782
Group relief received	12,048 ~~741~~	12,849	16,034	18,058	18,754	6,837	7,222	8,508	7,037	8,136
Other deductions	2,795	3,532	5,766	6,708	6,831	2,123	2,506	2,183	2,197	2,346
Profits chargeable to corporation tax	~~68,404~~ 57,097	65,159	69,311	74,085	74,438	19,229	21,962	24,307	27,691	29,830
Charge to corporation tax	18,842	21,462	22,826	23,630	23,289	6,346	7,247	8,021	8,723	9,247
Small company relief	730	749	732	780	1,050	45	59	71	73	77
Advance corporation tax set off	4,656	5,192	5,505	6,259	5,607	1,258	1,681	1,678	1,731	2,080
Double taxation relief	1,574	2,098	2,174	2,272	2,485	927	1,229	1,369	1,568	1,680
Income tax set off	87	82	64	82	82	170	267	218	211	208
Mainstream corporation tax	11,794	13,343	14,278	14,235	14,065	3,945	4,011	4,686	5,140	5,202

11.3 Corporation tax

Number, income, allowances, tax liability and deductions
Financial years 1994-95 to 1997-98 [1]

Numbers: actual; Amounts: £ million

	1994-95		1995-96		1996-97		1997-98	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross trading profit	367,089	135,875	385,785	146,402	413,847	152,701	444,324	158,686
Capital allowances [2]	390,036	48,680	388,569	50,120	403,611	54,065	427,191	57,217
Net trading profits	359,435	96,183	371,473	104,821	398,118	109,409	431,602	112,698
Other income & gains	351,538	61,623	351,181	76,065	346,880	64,754	348,013	64,753
Deductions allowed	292,104	67,732	289,145	75,893	269,159	62,247	269,287	58,952
Total chargeable profits	354,836	90,074	375,173	104,993	404,324	111,916	431,158	118,499
Rates at which profits charged:								
Main rate:	38,653	76,204	37,706	88,646	35,539	93,383	36,433	97,735
Marginal small company rate:	17,450	3,939	14,752	3,830	16,444	4,905	17,129	5,333
Small company rate:	298,733	9,931	322,715	12,517	352,341	13,628	377,596	15,431
Total tax charge	354,836	28,828	375,173	33,562	404,324	35,708	431,158	36,009
Double tax relief	4,772	4,032	4,917	5,266	4,966	5,379	5,012	5,482
Act set-off	134,693	7,429	145,145	8,025	160,529	8,516	181,182	9,346
Income tax set-off	44,519	764	46,563	1,137	45,679	1,119	43,946	989
Other reliefs [3]	19,566	129	17,159	167	18,542	179	19,992	367
Mainstream corporation tax due	334,223	16,474	356,106	18,967	390,183	20,515	414,258	19,825

[1] Figures correspond to company accounting periods ending in the financial years shown.
[2] Capital allowances less balancing charges.
[3] Reliefs not classified.

11.4 Corporation tax

Computation of liability: financial year 1996-97 [1]
Number, income, allowances, deductions and tax, by industry

Numbers: actual; Amounts: £ million

Industry	Number of cases with trading profits and other income	Gross trading profits	Capital allowances [2]	Net trading profits	Other income & gains
Agriculture, forestry, fishing	9,708	829	302	567	152
Energy, water supply	1,874	20,907	10,384	12,334	3,903
Extraction, metal mfg,chemicals	9,970	9,940	3,261	6,999	3,915
Metal goods and engineering	40,923	14,403	5,463	10,286	2,892
Other manufacturing	34,830	14,482	4,669	10,366	3,599
Construction	47,869	3,709	1,088	2,915	845
Distribution and repairs	82,164	18,931	5,405	14,341	3,484
Hotels and catering	21,551	2,010	787	1,402	602
Transport and communication	18,256	13,010	6,381	7,431	1,568
Banking, finance and insurance	30,735	32,765	9,744	25,910	26,050
Business services	169,728	12,328	4,035	9,082	9,563
Other services	52,718	4,774	1,332	3,763	1,428
Overseas activities	883	2,330	418	2,112	2,303
Not classified	45,294	2,283	796	1,901	4,450
All industries	566,503	152,701	54,065	109,409	64,754

Industry	Deductions allowed	Income chargeable to tax	ACT set-off	Other reliefs set against tax	Tax payable
Agriculture, forestry, fishing	197	522	22	7	123
Energy, water supply	5,076	11,161	1,158	595	1,928
Extraction, metal mfg,chemicals	2,840	8,074	820	698	1,129
Metal goods and engineering	4,395	8,783	699	277	1,835
Other manufacturing	3,797	10,168	916	509	1,869
Construction	1,210	2,550	186	31	541
Distribution and repairs	4,995	12,830	1,033	147	2,900
Hotels and catering	970	1,034	90	11	221
Transport and communication	2,998	6,001	492	105	1,351
Banking, finance and insurance	21,403	30,557	1,811	2,495	5,410
Business services	8,557	10,088	823	242	1,990
Other services	2,261	2,930	158	75	685
Overseas activities	565	3,850	137	1,039	94
Not classified	2,983	3,368	171	446	439
All industries	62,247	111,916	8,516	6,677	20,515

[1] These figures relate to earnings in accounting periods ending in the financial year 1996-97.
[2] Capital allowances less balancing charges.

11.5 Corporation tax

Computation of liability: financial year 1997-98 [1]

Number, income, allowances, deductions and tax, by industry

Numbers: actual; Amounts: £ million

Industry	Number of cases with trading profits and other income	Gross trading profits	Capital allowances [2]	Net trading profits	Other income & gains
Agriculture, forestry, fishing	9,487	671	358	403	188
Energy, water supply	1,961	19,869	10,973	10,432	4,616
Extraction, metal mfg,chemicals	9,897	8,846	3,248	6,063	3,405
Metal goods and engineering	41,098	14,604	5,570	10,439	3,220
Other manufacturing	34,368	15,228	4,948	11,019	3,459
Construction	49,887	4,230	1,191	3,298	885
Distribution and repairs	80,795	21,300	5,967	16,015	3,138
Hotels and catering	20,595	2,457	988	1,663	669
Transport and communication	18,262	12,246	6,703	6,559	1,853
Banking, finance and insurance	30,467	34,036	9,614	27,403	25,397
Business services	180,483	14,064	4,700	10,309	9,294
Other services	50,694	5,233	1,321	4,144	1,372
Overseas activities	837	2,228	523	1,941	1,868
Not classified	59,649	3,674	1,113	3,010	5,389
All industries	588,480	158,686	57,217	112,698	64,753

Industry	Deductions allowed	Income chargeable to tax	ACT set-off	Other reliefs set against tax	Tax payable
Agriculture, forestry, fishing	173	418	17	5	93
Energy, water supply	5,408	9,640	1,033	497	1,493
Extraction, metal mfg,chemicals	2,985	6,483	683	510	832
Metal goods and engineering	3,881	9,778	874	355	1,754
Other manufacturing	4,269	10,209	1,026	388	1,746
Construction	1,072	3,111	205	52	623
Distribution and repairs	4,998	14,155	1,212	150	2,921
Hotels and catering	1,001	1,331	106	19	276
Transport and communication	2,440	5,972	746	143	1,021
Banking, finance and insurance	18,703	34,097	1,905	2,718	5,740
Business services	7,990	11,613	1,015	243	2,060
Other services	2,643	2,873	202	85	570
Overseas activities	529	3,280	51	923	57
Not classified	2,860	5,539	271	750	639
All industries	58,952	118,499	9,346	6,838	19,825

[1] These figures relate to earnings in accounting periods ending in the financial year 1997-98.

[2] Capital allowances less balancing charges.