1993

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.

B. CORPORATION TAX

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 rate of tax is fixed for the financial year-April to March - and where an accounting period straddles 31 March and the rate is changed, the profits are apportioned between the 2 financial years on a time basis.

The imputation system

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. Since 1973, a 'partial imputation system' has been in force to mitigate the double tax charge when profits are distributed. This is achieved by the twin mechanisms of advance corporation tax (ACT) and tax credits.

4. A company pays ACT when it pays a dividend. This tax can be set off, within a limit, against the corporation tax liability of the accounting period. The remaining tax liability is called "mainstream" corporation tax. One purpose of ACT is to finance the tax credit which the Exchequer makes available to the shareholder receiving the dividend. The tax credit can be set against the shareholder's income tax liability on the dividend or, for non-taxpayers and exempt institutions, the credit may be paid to the shareholder.

5. A company which cannot set off the whole of the ACT paid against the tax charged on its profits has surplus ACT. This may be carried back for up to 6 years (up to 2 years before 1984) to reduce tax liability in earlier accounting periods, or it may be carried forward without time limit. In any accounting period the amount of ACT set against tax on profits is limited to the amount which, with the distribution to which it relates, absorbs the whole of the profits of the accounting period. For example, a company with profits of 100 would have an ACT limit of 25 when the ACT rate is a third, because a distribution of 75 and ACT of 25 would absorb all the profits of 100.

Tax rates

6. The rates of corporation tax since 1969 are shown in Appendix A.4. 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. The rate of ACT has changed in line with the basic rate of income tax. From 1994-95, it is proposed to link the rate and the value of the tax credit 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.

7. 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 (as given in Appendix A.4). Between that limit and an upper limit, a higher marginal rate applies to produce a smooth progression in the average tax 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 fragmentation of companies.

Payment dates

8. Mainstream corporation tax is payable nine months after the end of the accounting period. By 1990-91 previous rules whereby many companies were not required to pay until up to 21 months after the end of their accounting periods were phased out. Payments may be made later if the tax assessment is not agreed. ACT is payable on the 14th day of the month following the end of the quarter in which the distribution was made.

Assessment to tax

9. 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 for the depreciation of assets. Gains are calculated in the same way as for capital gains tax but there is no exempt amount for companies. Before 1987, gains charged to corporation tax were reduced by a specified fraction (see Appendix A.4) to produce the equivalent of the tax rate on gains by individuals.

10. A company which makes a trading loss may carry that loss back for up to three years (increased from one year in 1991) 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.

11. A deduction is allowed from a company's total profits for any charges (certain interest and other payments) it pays and, in the case of an investment company, its management expenses. 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 credit against the tax charged as profits.

Company groups

12. 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.

A subsidiary can pay a dividend to its parent company without paying ACT and a parent can surrender ACT it has paid to a subsidiary company.

Inter-company dividends

13. A company is not taxable on a dividend received from another company resident in the United Kingdom. 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 has 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

14. Companies which earn profits from the extraction under licence of oil and gas from the United Kingdom and its continental shelf are liable to petroleum revenue tax (PRT) as well as corporation tax.

15. Unlike corporation tax, PRT is not assessed on each company's profits. It is assessed every 6 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 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.

16. 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). 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.

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

- Past expenditure: may be carried forward to reduce future chargeable profits.

- 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 starts when the cumulative field income first exceeds the cumulative costs (allowable expenditure, including uplift, royalty, and any advance petroleum revenue tax).

- Oil Allowance: 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, 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; other fields approved after that date 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 'satellite' fields up to a limit of the value of 0.25 million tonnes from each in a 6 month chargeable period.

- Exploration and Appraisal Relief: offshore exploration and appraisal expenditure is allowed immediate PRT relief by setting it against profits in a developed field.

- Unrelieved 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 but since 1987, a cross field allowance has allowed 10 per cent of development expenditure in new offshore fields outside the Southern Basin of the North Sea to be deducted from profits in other fields.

- Research Relief: also, since 1987, certain research expenditure not related to specific fields has been deductible, but only after a 3 year delay. The first such relief appears in assessments for the first 6 months of 1990.

18. Any losses in a period may be carried back indefinitely to earlier periods or carried forwards. 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 1992	75 per cent

19. 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 exceeds 15 per cent.

20. In the March 1993 Budget, a major reform of PRT was proposed. Under this, the rate of PRT would be reduced to 50 per cent from 1 July 1993 and PRT would be abolished for fields receiving development consent on or after 16 March 1993. Subject to transitional reliefs, cross-field reliefs in respect of future PRT exempt fields would be abolished.

21. 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 payments on account 2 months after the end of each chargeable period with assessments issued three months later.

Corporation tax

22. The corporation tax regime for companies which operate in the North Sea allows any PRT paid 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. For the same reason, advance corporation tax on dividends paid to associated UK resident companies cannot be set off against mainstream tax liability on those profits.

Other imposts

23. 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 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 under contracts dating before 1975. It is paid by British Gas as a consumer and is deductible against profits for corporation tax purposes.

- 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 four years. Credit for it was given against any liability for petroleum revenue tax. Any amount not credited was repaid after five years or earlier in some circumstances.

D. NOTES ON THE TABLES AND CHARTS

Chart 11.1: Quarterly corporation tax receipts, 1988-89 to 1992-93

24. Chart 11.1 shows quarterly net receipts of ACT, gross mainstream receipts, and mainstream repayments over the last five years. For ACT, payments are highest in the first quarter of each year, but there are large payments every quarter. Mainstream tax payments are highly seasonal; most payments are in October and January. The pattern has changed in the last few years as a result of changes in payment dates. Repayments of mainstream tax occur throughout the year and they have increased substantially in the last 5 years. These repayments exclude some made directly by Accounts Offices - these cannot be separately identified and are accounted for as reductions in gross payments.

Table 11.1: Mainstream corporation tax accruals, 1986 to 1992 and corporation tax receipts, 1987-88 to 1993-94

25. 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 the financial year shown. 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. 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 is normally paid in the quarter following the dividend payment.

26. Although the receipts in past years are known, the accruals of mainstream tax are uncertain and will be revised as more information becomes available. Estimates of the receipts in 1993-94 and the accruals in 1992 are consistent with the economic assumptions and estimates given in the *1993-94 Financial Statement and Budget Report.*

Table 11.2: Income, allowances and deductions by sector 1988 to 1992

27. 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. Capital allowances, as detailed in Appendix A.3, 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.

28. 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, ie mostly long term interest and other annual payments made by the company, are deducted as are any other allowable deductions and group relief. The result is the profit chargeable to corporation tax.

29. 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.

30. The figures in this table are consistent with the accruals in table 11.1. They will also be revised as more information becomes available. 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 and 11.4: Computation of corporation tax liability, 1989-90 and 1990-91

31. These tables are estimated from data for a stratified

sample of companies for which an assessment has been or is expected to be made for the year. The data collected come from

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

ii if there is no agreed assessment, the taxpayer's own tax computations submitted to the Inland Revenue and provisionally amended pending final agreement;

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

Large cases are covered more than proportionately by the first two sources. The percentage of the total estimate derived from agreed assessments or computations is shown at the foot of each table. For 1989-90 most percentages are near 90 per cent but they are nearer 80 per cent for 1990-91. The estimates for these years are reasonably reliable but the percentages for later years would be much smaller and the data cannot provide adequate detailed estimates.

32. The analyses by industry as far as possible follow the Standard Industrial Classification (SIC) of 1980 (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. The water companies are included in the tables from December 1989 - previously they were not within the scope of corporation tax.

33. 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".

34. 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 1989-90 was about 355,000.

Tables 11.5 to 11.7: Payments of corporation tax, 1991-92 and 1992-93

35. Tables 11.5 and 11.6 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 chart 11.1 and table 11.1. The figures are estimated from a sample and therefore sampling errors may cause further differences. The figures for 1992-93 are provisional.

36. In table 11.6 on the distribution of payments by type of industry, the memorandum item gives details for certain types of company

37. Table 11.7 shows the extent of variation in mainstream corporation tax payments from year to year. In 1992-93, 124,000 companies which paid tax in 1991-92 did not pay any mainstream tax, while 99,000 companies which did not pay in 1991-92 did pay in 1992-93. Only 700 companies paid more than £1 million in both years.

Tables 11.8 and 11.9: Capital allowances, 1970-1990

38. Capital allowances provide relief from corporation tax for depreciation of capital assets incurred for the purposes of carrying on a trade. The types of capital asset which qualify for relief and the rates of allowances since 1965 are given in Appendix A.3. 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 or carried back up to 3 years.

39. 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 and 11.4 which are confined to amounts used in the year.

40. The estimates of total allowances are based on the sample referred to in paragraph 31 but the asset breakdown is based on a smaller sample of companies for which more detail is collected.

Tables 11.10 to 11.13: Distributions and ACT payments, annual payments and income tax, 1986-87 to 1991-92

41. Table 11.10 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. Franked investment income received need not be reported each quarter as it may be carried forward to be offset against later distributions. Intra-group distributions paid without accounting for ACT are excluded.

42. Tax-credits to non-residents. A lower rate of ACT (and tax credit) may apply to distributions paid to non-residents under certain double taxation agreements. In these cases, the company is authorised to pay the difference between the tax at the full rate of ACT and the tax at the rate applied to the non-resident.

43. ACT repayments. Repayments of ACT occur in 3 situations:

i. when franked investment income exceeds franked payments;

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

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

44. Table 11.11 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 for advance corporation tax (see above) with the reports being made on the same forms. Similar arrangements also apply for payments to non-residents.

45. 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.

46. Tables 11.12 and 11.13 provide an analysis of these payments by type of industry.

Table 11.14 and chart 11.2: Government revenues from oil and gas production, 1968-69 to 1993-94

47. Table 11.14 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.

48. 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.

49. Chart 11.2 displays the components of the annual revenues since 1975-76.

Table 11.15: Petroleum revenue tax assessments, 1986 to 1992

50. This table summarises the assessments made for each 6 month period from the second half of 1986 to first half of 1992. Estimated assessments which may later be revised are included. The figures do not cover fields in production which have not yet been assessed to petroleum revenue tax.

51. No PRT assessment on a field is made until there is a possible liability for tax. At that stage, all expenditure claimed by the taxpayer during development is taken into account. Repayments caused by revisions to assessments in previous periods have generally led to net receipts in the most recent years being lower than the tax assessed in the relevant chargeable periods. Although the tax assessed for both 6 month periods of 1991 was positive, there was a net repayment of tax in 1991-92 because of repayments caused by revisions to assessments for earlier periods largely because of carried-back losses.

52. "Gross profit" is the value of oil and gas upon which tax is assessed. It is not necessarily the total taxable value of the oil and gas produced in the period. Expenditure (including uplift) is included in four categories in the table. The first category consists of operating and capital expenditure in the field claimed in the period and the second consists of cross-field reliefs (mainly exploration and appraisal relief). The other categories consist of losses brought forward and carried back from other periods when expenditure claimed was greater than profits. This expenditure includes some use of cross-field reliefs. In the table, the deduction for expenditure in any assessment is limited to the amount required to reduce the assessable profit to nil. Further expenditure creating a field loss is shown separately in a different period.

Table 11.16: Oil and gas fields assessed for PRT, 1986 to 1992

53. In this table, the assessment for each field is the total of the assessments on all companies with an interest in the field. For the more recent periods, the estimates of numbers of fields with no liabilities will be revised as further assessments are made.

54. Some of the ranges in the table have been combined to preserve confidentiality.

11.1 Corporation tax

Mainstream corporation tax accruals 1986 to 1992 and corporation tax receipts, 1987-88 to 1993-94

Amounts: £ million

Onshore mainstream corporation tax - accrual	1986	1987	1988	1989	1990	1991	1992
Company sector							
Industrial and commercial	7,945	9,150	11,637	10,710	8,872	7,804	7,692
Financial	2,200	2,200	2,700	2,300	1,850	1,700	1,750
Overseas	40	50	60	50	50	50	50
Total	10,185	11,400	14,397	13,060	10,772	9,554	9,492

Corporation tax receipts	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Mainstream corporation tax							
Onshore companies							
Gross payments	10,528	12,312	14,728	13,906	11,276	9,502	9,560
Repayments	507	596	886	1,330	2,002	2,774	3,200
Net receipts	10,021	11,716	13,842	12,576	9,274	6,728	6,360
Public Corporations	149	108	138	756	784	140	160
North Sea companies	617	510	248	484	269	201	280
Total	10,787	12,334	14,228	13,816	10,327	7,069	6,800
Advance corporation tax							
Gross payments	5,087	6,323	7,517	8,100	8,400	9,029	8,100
Repayments	140	120	250	421	464	291	300
Net receipts	4,947	6,203	7,267	7,679	7,936	8,738	7,800
Total net receipts of corporation tax	15,734	18,537	21,495	21,495	18,263	15,807	14,600
Memorandum item: Tax on capital gains	495	549	472	471	374	377	368

11.2 Corporation tax

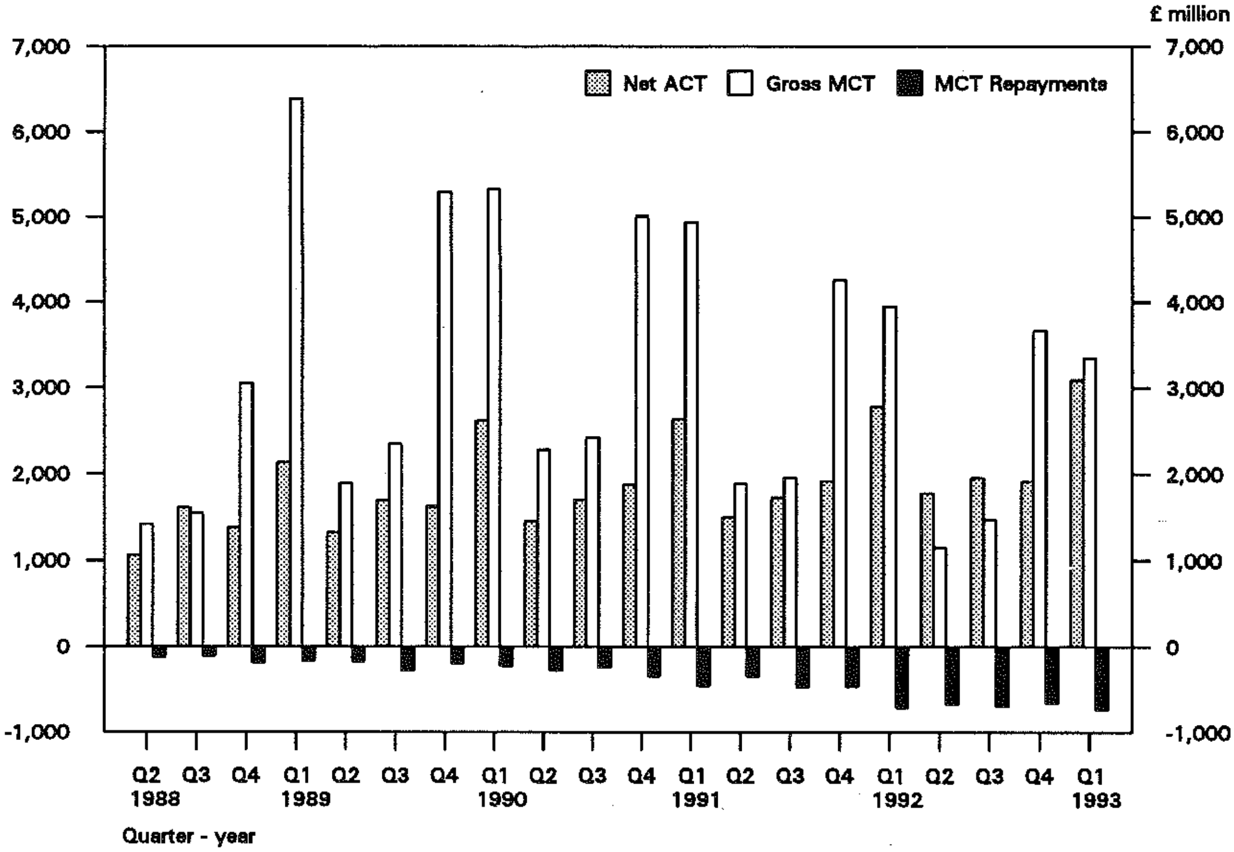
Income, allowances, deductions and tax accruals, by company sector, 1988 to 1992

Amounts: £ million

	Home industrial and commercial companies excluding North Sea oil and gas					Financial companies				
	1988	1989	1990	1991	1992	1988	1989	1990	1991	1992
Gross Case 1 profits	68,291	71,106	68,070	67,683	71,183	20,362	22,980	21,976	21,360	21,828
Capital allowances used	16,643	19,496	21,309	23,961	25,917	5,051	5,423	6,002	6,033	5,834
Balancing charges	582	972	865	667	653	56	24	64	58	50
Losses brought forward and used	5,333	3,752	2,741	2,588	3,442	547	427	498	379	288
Net Case 1 profit	46,897	48,830	44,885	41,801	42,477	14,820	17,154	15,540	15,006	15,756
Other income and gains	23,370	29,715	29,237	28,991	26,983	8,316	10,814	12,362	13,021	13,762
Losses used against other income	2,278	3,089	3,871	3,435	2,897	880	1,208	1,450	1,527	1,614
Charges paid and relieved	7,541	10,109	11,805	10,917	9,823	3,806	6,807	7,899	8,009	8,420
Group relief received	6,838	9,557	10,695	10,680	10,837	3,343	4,533	5,367	4,925	5,129
Other deductions	1,559	1,552	1,843	2,344	2,236	3,227	4,501	2,928	3,065	3,239
Profits chargeable to corporation tax	52,051	54,238	45,908	43,416	43,667	11,880	10,919	10,258	10,501	11,116
Charge to corporation tax	18,228	18,984	15,715	14,421	14,410	4,158	3,821	3,513	3,491	3,670
Small company relief	482	597	593	667	718	41	46	41	37	40
Advance corporation tax set off	4,450	5,354	4,780	4,609	4,740	924	913	1,017	1,100	1,160
Double taxation relief	1,402	2,253	1,300	1,201	1,120	296	378	464	455	520
Income tax set off	257	70	170	140	140	197	184	141	199	200
Mainstream corporation tax	11,637	10,710	8,872	7,804	7,692	2,700	2,300	1,850	1,700	1,750

CHART 11.1

Corporation tax receipts



11.3 Corporation tax

Computation of liability: financial year 1989-90[1]

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

Numbers: actual; Amounts: £ millions

Industry	Number of cases	Gross trading profits	Capital allowances[2]	Net trading profits	Other income & gains
Agriculture, forestry, fishing	10,741	424	180	289	205
Energy, water supply	1,708	14,865	6,326	9,799	3,761
Extraction, metal mfg,chemicals	12,202	7,613	2,213	5,537	2,257
Metal goods and engineering	55,335	11,358	4,173	8,073	2,628
Other manufacturing	44,778	10,654	3,045	8,004	3,559
Construction	64,929	4,860	1,024	3,950	1,433
Distribution and repairs	106,383	13,143	3,703	10,006	6,775
Hotels and catering	26,563	1,240	585	796	563
Transport and communication	22,847	9,221	4,092	5,147	1,440
Banking, finance and insurance	33,675	18,015	5,518	13,758	12,175
Business services	131,998	7,959	2,615	6,225	7,201
Other services	52,063	2,740	818	2,071	1,117
Overseas activities	1,076	1,911	455	1,591	1,350
Not classified	11,797	422	199	362	1,063
All industries	576,095	104,425	34,946	75,608	45,527
Percentage of sample data from agreed assessments or tax computations.	85%	89%	87%	90%	89%

Industry	Deductions allowed	Income chargeable to tax	ACT set-off	Other reliefs set against tax	Tax payable
Agriculture, forestry, fishing	202	291	14	13	74
Energy, water supply	6,620	6,939	683	516	1,232
Extraction, metal mfg,chemicals	2,830	4,964	573	241	930
Metal goods and engineering	4,010	6,691	738	182	1,428
Other manufacturing	4,188	7,374	847	237	1,500
Construction	1,931	3,452	289	108	811
Distribution and repairs	4,928	11,853	762	1,232	2,156
Hotels and catering	608	751	65	20	177
Transport and communication	2,074	4,513	400	48	1,147
Banking, finance and insurance	15,561	10,372	614	581	2,452
Business services	6,660	6,765	669	196	1,511
Other services	1,262	1,926	144	83	445
Overseas activities	798	2,143	60	625	66
Not classified	1,114	311	17	18	76
All industries	52,786	68,345	5,875	4,100	14,005
Percentage of sample data from agreed assessments or tax computations.	88%	91%	91%	95%	90%

[1]These figures relate to earnings in accounting periods ending in the financial year 1989-90.
[2]Capital allowances less balancing charges set off against trading profits.

11.4

Corporation tax
Computation of liability: financial year 1990-91[1]
Number, income, allowances, deductions and tax, by industry

Numbers: actual; Amounts: £ millions

Industry	Number of cases	Gross trading profits	Capital allowance[2]	Net trading profits	Other income & gains
Agriculture, forestry, fishing	10,853	539	210	367	209
Energy, water supply	1,669	15,201	8,535	8,277	3,124
Extraction, metal mfg,chemicals	11,339	6,035	2,457	3,878	2,265
Metal goods and engineering	52,099	10,142	3,713	7,148	2,669
Other manufacturing	41,827	10,229	3,230	7,501	3,690
Construction	61,333	4,013	1,174	3,026	1,602
Distribution and repairs	99,046	12,238	3,997	8,937	5,494
Hotels and catering	24,643	1,153	550	738	593
Transport and communication	21,559	9,200	5,045	4,415	2,043
Banking, finance and insurance	32,357	15,038	5,367	11,381	14,548
Business services	132,462	7,312	2,873	5,122	7,718
Other services	49,453	2,559	902	1,833	1,089
Overseas activities	1,109	2,434	476	2,057	1,682
Not classified	11,680	549	353	452	1,818
All industries	551,429	96,642	38,882	65,132	48,544
Percentage of sample data from agreed assessments or tax computations.	80%	76%	66%	81%	78%

Industry	Deductions allowed	Income chargeable to tax	ACT set-off	Other reliefs set against tax	Tax payable
Agriculture, forestry, fishing	241	335	13	16	86
Energy, water supply	4,810	6,591	585	327	1,339
Extraction, metal mfg,chemicals	2,925	3,218	425	216	470
Metal goods and engineering	4,308	5,508	637	212	1,098
Other manufacturing	5,198	5,993	708	221	1,131
Construction	1,966	2,662	215	116	585
Distribution and repairs	5,552	8,879	712	412	1,924
Hotels and catering	766	564	50	18	125
Transport and communication	2,664	3,794	189	46	1,058
Banking, finance and insurance	16,395	9,535	660	614	2,013
Business services	7,553	5,287	554	228	1,036
Other services	1,206	1,716	116	95	378
Overseas activities	1,297	2,441	79	724	37
Not classified	1,658	612	17	22	175
All industries	56,539	57,135	4,960	3,267	11,455
Percentage of sample data from agreed assessments or tax computations.	78%	81%	80%	89%	79%

[1]These figures relate to earnings in accounting periods ending in the financial year 1990-91.
[2]Capital allowances less balancing charges set off against trading profits.