

# 2014 Budget and Autumn Statement changes

## Changes affecting the CT600 Company Tax Return form

Announcements in the March 2014 Budget and December 2014 Autumn Statement mean that we will be updating the CT600 Guide Company Tax Return guide. The main CT600 Company Tax Return form does not need to be updated, but you should bear in mind that generally you cannot make a claim under any new proposal until the Finance Bill receives Royal Assent and becomes law. We will update the HMRC Corporation Tax online service as quickly as possible.

This Budget Insert tells you about some of the main changes affecting Corporation Tax. Go to [www.gov.uk](http://www.gov.uk) for more information about Budget measures, the up-to-date position and the availability of forms.

## Rates of Corporation Tax

For the financial year 2014-15 starting on 1 April 2014 the main rate of Corporation Tax is 21% and the small profits rate is 20%.

### Rates, limits and fractions for financial years starting 1 April

|  | 2013       | 2014       |
|--|------------|------------|
| Main rate  | 23%        | 21%        |
| Main rate on ring fence profits*                         | 30%        | 30%        |
| Small profits rate                                       | 20%        | 20%        |
| Small profits rate on ring fence profits                 | 19%        | 19%        |
| Lower limit  | £300,000   | £300,000   |
| Upper limit  | £1,500,000 | £1,500,000 |
| Marginal relief standard fraction                        | 3/400      | 1/400      |
| Marginal relief ring fence fraction                      | 11/400     | 11/400     |
| Rate for unit trusts and open ended investment companies | 20%        | 20%        |

\*Ring fence profits mean the income and gains from oil extraction activities or oil rights in the UK and UK continental shelf.

## Reduction in the rate of Supplementary Charge

In the Autumn Statement, the Chancellor of the Exchequer announced that the government would shortly set out major reforms to the oil and gas fiscal regime. As part of these reforms the government will implement an immediate 2% reduction in the rate of Supplementary Charge that UK oil and gas companies pay on their profits. The rate will be reduced from 32% to 30% and will take effect from 1 January 2015.

## Changes to the Annual Investment Allowance (AIA)

The maximum amount of AIA was reduced from £100,000 to £25,000 from 1 April 2012. Legislation introduced in Finance Bill 2013 increased the maximum amount of AIA from £25,000 to £250,000 for a temporary period from 1 January 2013 to 31 December 2014.

Legislation in the Finance Bill 2014 extended the temporary period to 31 December 2015, and further increased the maximum amount of AIA to £500,000 in relation to qualifying expenditure incurred from 1 April 2014 to 31 December 2015.

Where a business has a chargeable period that spans either, the operative date of the increase to £500,000 on 1 April 2014, or the operative date of the reversion to £25,000 on 1 January 2016, transitional rules will apply.

### For more information about the Budget changes

Go to [www.gov.uk](http://www.gov.uk) for:

- the up-to-date position
- updated forms and supplementary pages

### Online filing and electronic payment

All companies have to file their Company Tax Return **online** for any accounting period ending after 31 March 2010. Companies also have to pay any Corporation Tax and related payments **electronically**.

For more information go to: [www.gov.uk/file-your-company-accounts-and-tax-return](http://www.gov.uk/file-your-company-accounts-and-tax-return)

For more details go to:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/293813/TIIN\\_6020\\_annual\\_investment\\_allowance\\_increase\\_to\\_\\_500000.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293813/TIIN_6020_annual_investment_allowance_increase_to__500000.pdf)

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## Creative industry tax reliefs

The Government introduced Corporation Tax relief in respect of theatre production from 1 September 2014. A claim for the relief may be made in the same way as for Film Tax Relief, and the other Creative Sector Tax Reliefs, using box 87 on the CT600 and by providing a detailed calculation of this figure.

In the Autumn Statement, the Chancellor of the Exchequer announced that existing television tax reliefs for animation and high-end TV will be extended to children's programming. Relief will apply at a rate of 25% on enhanceable expenditure for all eligible children's TV programmes. Children's programming will not be subject to the £1 million per programme hour threshold and the 30 minute slot length that applies to high-end TV programmes. The relief will apply from 1 April 2015.

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## Research and Development (R&D) expenditure credit

From 1 April 2014 the rate of R&D payable tax credit for loss-making Small and Medium-sized Enterprises (SMEs) will be increased from 11% to 14.5%. This will increase the rate of the cash credit payable to SMEs that conduct qualifying R&D activity but don't have Corporation Tax liabilities.

In the Autumn Statement, the Chancellor of the Exchequer announced that the rate of R&D expenditure credit (RDEC) will increase from 10% to 11% from 1 April 2015, and that the rate of the additional deduction under the SME scheme will increase from 125% to 130% from the same date, giving total relief of 230%. These changes will have effect in relation to expenditure incurred on or after 1 April 2015.

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## Community Amateur Sports Clubs (CASCs)

Finance Bill 2014 introduced legislation to extend corporate Gift Aid on qualifying gifts of money to charities to gifts of money to CASCs. Regulations making changes to the eligibility conditions and increasing the exemptions for trading and property income have also been introduced.

For more details go to:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/264471/21.\\_Community\\_amateur\\_sports\\_clubs.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264471/21._Community_amateur_sports_clubs.pdf)

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## Tax relief for flood defences

In the Autumn Statement, the Chancellor of the Exchequer announced a measure that ensures that business contributions to DEFRA's partnership funding schemes for flood defence projects will be deductible for tax purposes. It applies for both Income Tax and Corporation Tax, and covers contributions of money and services made on or after 1 January 2015.

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## Oil and gas allowances

Legislation introduced in Finance Bill 2014 amended CTA 2010 to introduce a new onshore allowance to reduce the amount of adjusted ring fence profits subject to the Supplementary Charge. It will have effect in respect of capital expenditure incurred on and after 5 December 2013 in relation to an onshore oil and gas related activity.

In the Autumn Statement, the Chancellor of the Exchequer announced a new high pressure high temperature cluster area allowance (HPHT) to reduce the amount of adjusted ring fence profits subject to the Supplementary Charge. It will have effect in respect of capital expenditure incurred in relation to an HPHT cluster area on or after 3 December 2014 and will be activated by production income from the cluster area.

Claims to relief should be entered in Box 112 (Field Allowance) of the Supplementary Page for ring fence trades (CT600I).

For more details go to:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/263643/Shale\\_gas.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263643/Shale_gas.pdf)

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/382336/TIIN\\_8046\\_ct\\_cluster\\_area\\_allowance.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382336/TIIN_8046_ct_cluster_area_allowance.pdf)

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## Film Tax Relief

Subject to State Aid approval, from April 2014 the rate of film tax credit for surrenderable losses will be 25% on the first £20 million of qualifying production expenditure (subject to a maximum of 80% of qualifying production expenditure) and 20% thereafter (to a maximum of 80% qualifying production expenditure). The minimum UK expenditure qualification will also change from 25% to 10%.

For more details go to:

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/264454/8.\\_Modernising\\_film\\_tax\\_relief.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264454/8._Modernising_film_tax_relief.pdf)

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