1994

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 20 when the ACT rate is a quarter, because a distribution of 80 and ACT of 20 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, the rate and the value of the tax credit is 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.

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 9 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 3 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.

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Inter-company dividends

13. 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 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 UK and its continental shelf (mainly from the North Sea) 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 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 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. Gas fields from which gas has been sold to British Gas under contracts agreed before July 1975 are exempt from PRT. Following the March 1993 Budget, all fields approved for development after 15 March 1993 are exempt from PRT.

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). 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.

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

- Losses when expenditure was 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; 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 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 exploration and appraisal expenditure occurring between 16 March 1983 and 15 March 1993 was allowed immediate PRT relief by being set against profits in a developed field. Under transitional provisions, some expenditure later in 1993 and in 1994 has also obtained relief.

- 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 3 year delay. The first such relief appears in assessments for the first 6 months of 1990.

18. 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

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. 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 2 months after the end of each chargeable period. Assessments are issued 3 months later and any repayments from the carry back of losses would be made subsequently.

Corporation tax

21. 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

22. 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 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

Chart 11.1: Quarterly corporation tax receipts, 1988-89 to 1993-94

23. Chart 11.1 shows quarterly net receipts of ACT, gross mainstream receipts, and mainstream repayments over the last 6 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 increased substantially to 1992-93. They stabilised in 1993-94 and are expected to fall in 1994-95. 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, 1987 to 1993 and corporation tax receipts, 1988-89 to 1994-95

24. 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.

25. Estimates of the receipts in 1994-95 and the accruals in 1993 are consistent with the economic assumptions and estimates given in the *Summer Economic Forecast 1994*. Figures for earlier years, particularly those for accruals of mainstream corporation tax, may be revised as further information becomes available. This table and table 11.2 exclude life assurance companies because their tax liability is usually satisfied by credit for income tax deducted at source.

Table 11.2: Income, allowances, deductions and tax accruals by company sector, 1989 to 1993

26. 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.

27. 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.

28. 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.

29. 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 25). 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

30. 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 tables 11.4 and 11.5. For 1990-91 most percentages are above 90 per cent but are lower for 1991-92. 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.

31. 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. Privatised public corporations are included in the tables from the point at which they fall within the scope of corporation tax.

32. 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".

33. 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 1990-91 was about 350,000.

Tables 11.6 to 11.8: Payments of corporation tax, 1992-93 and 1993-94

34. 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 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 1993-94 are provisional.

35. In table 11.7 on the distribution of payments by type of industry, the memorandum item gives details for certain types of company

36. Table 11.8 shows the extent of variation in mainstream corporation tax payments from year to year. In 1993-94, 114,000 companies which paid tax in 1992-93 did not pay any mainstream tax, while 100,000 companies which did not pay in 1992-93 did pay in 1993-94. Only 638 companies paid more than £1 million in both years.

Tables 11.9 and 11.10: Capital allowances, 1970 to 1991

37. 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.

38. 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.

39. The estimates of total allowances are based on the sample referred to in paragraph 30 but the asset breakdown is based on a smaller sample of companies for which more detail is collected.

Tables 11.11 and 11.12: Distributions and ACT payments, annual payments and income tax, 1987-88 to 1992-93

Tables 11.13 and 11.14: Distributions and annual payments, by industry, 1991-92 and 1992-93

40. 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. 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.

41. 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.

42. ACT repayments. Repayments of ACT occur in three 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.

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

44. 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.

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

Table 11.15, charts 11.2 and 11.3: Government revenues from oil and gas production, 1968-69 to 1994-95

46. 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.

47. 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.

48. Chart 11.2 shows the annual tax yield, and its separate components, since 1975-76. Chart 11.3 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 halving of tax yield in 1986-87 resulted mainly from a comparable fall in the oil price in 1986. Subsequently, production fell until 1989 after which it grew steadily but low oil prices and sharply rising expenditure have prevented any substantial increase in yield.

49. Revenues for 1994-95 and the index figures for 1994 are based on forecasts made as part of the published *Summer Economic Forecast 1994*. For further information about the North Sea, the reader is referred to *The Energy Report 2. Oil and Gas Resources of the United Kingdom 1994* published by the Department of Trade and Industry.

Table 11.16: Petroleum revenue tax assessments, 1988 to 1993

50. This table summarises the assessments made for each six month period from the first half of 1988 to the second half of 1993. Estimated assessments which may later be revised are included.

51. 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.

52. 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 form 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.

53. 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. At the end of the table, there is a memorandum item giving the PRT repaid as a result of losses carried back from the period; it is split between repayments of principle and associated interest. The effective net PRT paid resulting from income and expenditure in the chargeable period up to 6 months after the period end approximates to:

"net PRT payable" as given in the table;

plus PRT initially charged but removed by loss carry back from later periods (this is likely to be somewhat less than the "less losses carried back" amount times the tax rate then pertaining);

minus PRT repaid from loss carry back to earlier periods (the memorandum item).

Table 11.17: Oil and gas fields assessed for PRT, 1988 to 1993

54. 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 numbers of fields with no liabilities will be revised as further assessments are made.

E. ENQUIRIES AND FURTHER INFORMATION

55. 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.

56. Enquiries about statistics on corporate taxes should be addressed to the appropriate statistician listed below at Statistics and Economics Office, Inland Revenue, West Wing, Somerset House, Strand, London WC2R 1LB.

Corporation Tax receipts	Bill Elmore
Assessment and distributions	Richard Balley
Capital Allowances	Maurice Nettley
North Sea taxes	Neil Beamish

A general telephone enquiry number is given in the introduction on page 1 of this volume.

11.1 Corporation tax

Mainstream corporation tax accruals 1987 to 1993 and corporation tax receipts, 1988–89 to 1994–95

Amounts: £ million

Onshore mainstream corporation tax – accrual	1987	1988	1989	1990	1991	1992	1993
Company sector							
Industrial and commercial	10,080	10,935	10,807	8,783	7,973	7,915	10,743
Financial	2,250	2,650	2,300	1,900	1,700	1,750	1,950
Overseas	50	60	60	40	30	30	30
Total	12,380	13,645	13,167	10,723	9,703	9,695	12,723

Corporation tax receipts	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95
Mainstream corporation tax							
Onshore companies							
Gross payments	12,312	14,728	13,906	11,276	9,499	9,696	12,720
Repayments	596	886	1,330	2,002	2,796	2,683	1,750
Net receipts	11,716	13,842	12,576	9,274	6,703	7,013	10,970
Public Corporations	108	138	756	784	140	153	190
North Sea companies	510	248	484	269	202	39	140
Total	12,334	14,228	13,816	10,327	7,045	7,205	11,300
Advance corporation tax							
Gross payments	6,323	7,517	8,100	8,400	9,029	8,060	7,740
Repayments	120	250	421	464	291	244	240
Net receipts	6,203	7,267	7,679	7,936	8,738	7,816	7,500
Total net receipts of corporation tax	18,537	21,495	21,495	18,263	15,783	15,021	18,800
Memorandum item: Receipt effects of corporation tax charge on capital gains	770	835	817	454	366	360	670

11.2 Corporation tax

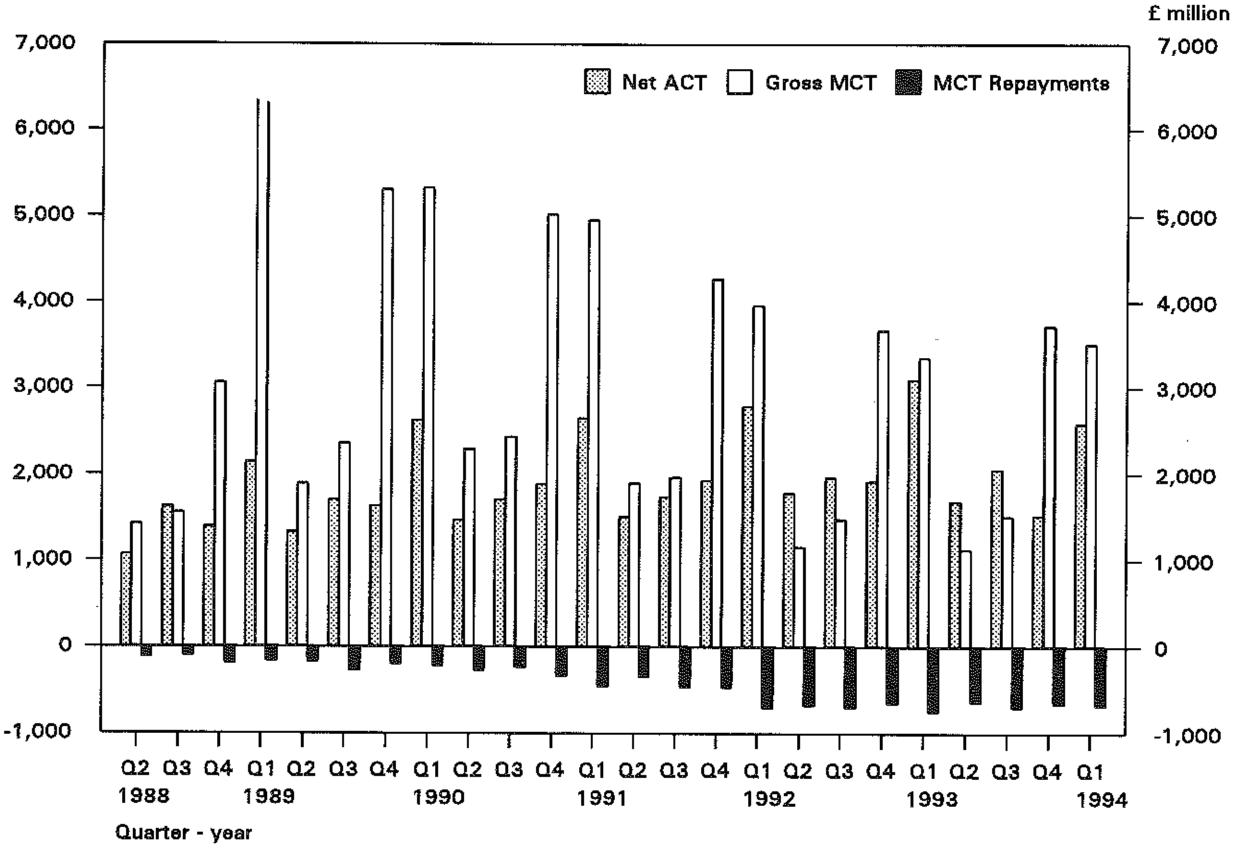
Income,allowances,deductions and tax accruals by company sector, 1989 to 1993

Amounts: £ million

	Home industrial and commercial companies excluding North Sea oil and gas					Financial companies				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Gross Case 1 profits	70,718	68,386	67,891	74,645	89,536	24,281	21,515	20,603	21,396	22,550
Capital allowances used	19,352	20,982	23,257	25,771	29,428	5,403	5,592	6,011	6,023	5,739
Balancing charges	953	1,011	674	672	727	24	61	67	58	54
Losses brought forward and used	3,911	3,016	2,201	3,007	4,648	434	480	367	281	215
Net Case 1 profit	48,408	45,399	43,107	46,539	56,187	18,468	15,504	14,292	15,150	16,650
Other income and gains	29,427	29,130	29,949	27,217	25,443	11,054	12,544	13,405	13,877	14,602
Losses used against other income	3,453	3,980	3,653	3,154	2,501	1,283	1,524	1,629	1,686	1,774
Charges paid and relieved	9,978	12,100	11,685	10,729	9,317	7,386	7,817	7,426	7,953	8,430
Group relief received	9,492	11,429	11,557	12,775	12,280	4,842	5,193	4,745	4,969	5,207
Other deductions	1,542	1,728	2,104	2,018	2,106	4,922	3,430	3,641	3,757	3,935
Profits chargeable to corporation tax	53,370	45,292	44,057	45,080	55,426	11,089	10,084	10,256	10,662	11,906
Charge to corporation tax	18,679	15,502	14,639	14,877	18,241	3,881	3,454	3,410	3,518	3,929
Small company relief	579	598	676	717	786	33	28	26	25	28
Advance corporation tax set off	4,910	4,730	4,677	5,003	5,379	979	953	1,100	1,150	1,309
Double taxation relief	2,253	1,251	1,203	1,132	1,213	383	436	381	396	437
Income tax set off	130	140	110	110	120	186	137	203	197	205
Mainstream corporation tax	10,807	8,783	7,973	7,915	10,743	2,300	1,900	1,700	1,750	1,950

CHART 11.1

Corporation tax receipts



11.3 Corporation tax

Number, income, allowances, tax liability and deductions

Financial years 1988–89 to 1991–92[1]

Numbers: actual; Amounts: £ million

	1988–89		1989–90		1990–91		1991–92	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross trading profit	416,667	96,263	419,345	106,101	401,410	102,571	387,785	95,071
Capital allowances [2]	420,461	28,028	435,688	35,240	435,546	37,834	433,986	40,463
Net trading profits	368,873	73,197	364,853	77,210	342,415	71,561	325,084	62,886
Other income & gains	313,096	33,930	330,468	47,739	339,245	50,209	341,143	50,363
Deductions allowed	282,151	42,270	291,579	57,360	287,943	61,839	280,224	57,600
Total chargeable profits	371,907	65,219	367,915	68,232	354,671	59,933	342,594	55,652
Rates at which profits charged:								
Main rate:	43,557	57,485	35,624	59,308	33,415	50,535	31,940	46,198
Marginal small company rate:	29,551	3,470	30,807	4,172	20,523	3,589	15,569	3,130
Small company rate:	298,799	4,264	301,484	4,752	300,733	5,809	295,085	6,324
Total tax charge	371,907	22,345	367,915	23,263	354,671	20,110	342,594	18,174
Double tax relief	5,367	2,483	5,020	3,264	4,678	2,403	4,347	2,409
Act set–off	5,090	6,116	5,082	6,248	5,018	5,719	5,018	5,182
Income tax set–off	104,419	250	120,669	212	126,587	173	125,217	133
Other reliefs [3]	34,984	77	33,003	86	30,702	132	29,440	98
Mainstream corporation tax due	326,214	13,419	312,465	13,453	293,047	11,683	278,617	10,352

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

[2] Capital allowances less balancing charges.

[3] Reliefs not classified.

11.5 Corporation tax

Computation of liability: financial year 1991–92[1]

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

Numbers: actuals; Amounts: £ million

Industry	Number of cases	Gross trading profits	Capital allowances[2]	Net trading profits	Other income & gains
Agriculture, forestry, fishing	10,708	539	217	356	225
Energy, water supply	1,811	13,590	9,077	6,190	4,226
Extraction, metal mfg,chemicals	11,135	5,011	2,481	3,185	2,291
Metal goods and engineering	50,907	8,102	4,150	5,375	2,689
Other manufacturing	41,774	10,167	3,276	7,463	3,713
Construction	59,168	3,649	1,183	2,687	1,528
Distribution and repairs	98,789	12,851	4,287	9,417	4,383
Hotels and catering	24,069	1,019	591	590	628
Transport and communication	21,949	10,233	4,833	5,824	1,814
Banking, finance and insurance	32,254	17,409	5,682	12,882	14,729
Business services	144,937	6,948	2,855	4,764	9,147
Other services	50,387	2,704	1,021	1,906	1,197
Overseas activities	1,004	1,964	461	1,670	1,765
Not classified	11,379	885	349	577	2,028
All industries	560,271	95,071	40,463	62,886	50,363
Percentage of sample data from agreed assessments or tax computations.	83%	83%	78%	85%	85%

Industry	Deductions allowed	Income chargeable to tax	ACT set–off	Other reliefs set against tax	Tax payable
Agriculture, forestry, fishing	243	338	21	14	74
Energy, water supply	3,518	6,898	723	484	971
Extraction, metal mfg,chemicals	2,756	2,719	351	162	358
Metal goods and engineering	3,797	4,268	426	142	819
Other manufacturing	5,100	6,076	792	193	997
Construction	2,062	2,154	172	72	456
Distribution and repairs	5,476	8,324	933	184	1,866
Hotels and catering	747	471	52	15	87
Transport and communication	2,940	4,699	477	35	1,034
Banking, finance and insurance	18,490	9,122	495	466	1,975
Business services	8,830	5,081	518	192	935
Other services	1,564	1,539	115	64	320
Overseas activities	859	2,576	83	590	55
Not classified	1,218	1,387	24	26	405
All industries	57,600	55,652	5,182	2,639	10,352
Percentage of sample data from agreed assessments or tax computations.	83%	87%	84%	93%	88%

1 These figures relate to earnings in accounting periods ending in the financial year 1991–92.

2 Capital allowances less balancing charges.