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Analyses of Corporation Tax receipts and liabilities

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About these statistics

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

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

New and updated statistics in this release and planned improvements

This release includes the first published Corporation Tax liability estimates for company accounting periods ending in 2013-14. These tables are released and updated annually. Figures relating to financial years from 2008-09 to 2012-13 have been revised using the latest available data, but no updates have been made to earlier years' data.

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

For the first time the most recent data in tables 11.1B and 11.2, which contain broad breakdowns of amalgamated industrial sectors for Corporation Tax receipts and liabilities, have been based on Standard Industrial Classification (SIC) 2007 codes. Previously these were based on HMRC's Summary Trade Classification (STC) codes. It has not been possible to fully implement the change to SIC 2007 for this release; table 11.1A which contains broad breakdowns of amalgamated industrial sectors for Corporation Tax receipts continues to be based on the STC classification. Work to provide all industrial breakdowns based on the SIC 2007 standard is ongoing.

The next scheduled release is in summer 2016, which will show Corporation Tax receipts and Bank Levy figures for 2015-16 and Corporation Tax liabilities for 2014-15. For further details, please refer to the publication and release strategy on page seven of this report.

SECTION 1: Introduction

What does this publication tell me?

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

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

Who might be interested?

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

What is Corporation Tax?

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

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

Taxable profits for Corporation Tax include:

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

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

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

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

The current and historic rates of Corporation Tax are shown in the HMRC National Statistic Table A.6 that is published separately https://www.gov.uk/government/publications/rates-of-corporation-tax.

Recent and planned changes to the rate of Corporation Tax are outlined below:

- From 1 April 2008, the main rate was reduced from 30 per cent to 28 per cent, and the small companies' rate was raised from 20 per cent to 21 per cent.
- From 1 April 2011, the main rate was reduced to 26 per cent and the small profits rate (formerly known as small companies' rate) was reduced to 20 per cent.
- From 1 April 2012 the main rate was reduced to 24 per cent.
- From 1 April 2013 the main rate was reduced to 23 per cent.
- From 1 April 2014 the main rate was reduced to 21 per cent.
- From 1 April 2015, there is a unified rate of Corporation Tax of 20 per cent (for non-ring fenced profits) rather than separate main and small profits rates.
- On 1 April 2017 the rate will be reduced to 19 per cent and again on 1 April 2020 to 18 per cent.

User engagement

We are committed to providing impartial, high quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our official statistics and identify gaps in the statistics that we produce. Please see the following link for HMRC Statistics: Continuous User Engagement Strategy.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278751/HMRC_statistics_continous_user_engagement.pdf

If you would like to comment on these statistics or have any enquiries on the statistics please use the statistical contacts named at the end of this section.
Alternatively, we would welcome any views you have using the link to the feedback form: https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics#contact-us.

We will undertake to review user comments on a quarterly basis and use this information to influence the development of our official statistics. We will summarise and publish user comments at regular intervals.

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

UKSA Assessment

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

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

Publication and revision strategy

Table 11.1A on Corporation Tax receipts and tables 11.1B to 11.10 on Corporation Tax liabilities are published annually to coincide with the availability of final receipts figures for the previous financial year. Previously liabilities tables 11.1B to 11.10 were published later in the year, but Corporation Tax liabilities data are now available earlier as a result of the electronic filing requirement, which has allowed us to jointly publish receipts and liabilities tables in August.

The next scheduled release date for both receipts and liabilities tables is summer 2016 when receipts for 2015-16 and liabilities for 2014-15 will be included for the first time.

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

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

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

Contact points

Enquiries about statistics on Corporation Tax receipts and liabilities should be directed to the lead statisticians responsible for these tables:

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Media enquiries should be directed to the HMRC Press Office – Business Tax Desk contacts listed on the front page of this release.

SECTION 2: Summary of key statistics

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

Corporation Tax and Bank Levy receipts

Receipts are amounts of Corporation Tax collected by HMRC in a given financial year. These can relate to liabilities from the same financial year or from earlier years. The headline statistics for Corporation Tax receipts are:

- Total net CT receipts in 2014-15 were £43.0 billion. This is an increase of 7 per cent from £40.3 billion in 2013-14 (see Section 4, Table 11.1A). This increase brings total net CT receipts back up to the amounts received in 2010-11 (£43.0 billion) and 2011-12 (£43.1 billion).

- This change reflects increases in all of the Financial, Life Assurance and Other industrial and commercial sector categories.

- Financial sector receipts increased by 28 per cent, from £4.9 billion in 2013-14 to £6.3 billion in 2014-15.

- Receipts from the industrial and commercial sector increased by 15 per cent, from £20.5 billion to £23.7 billion in 2014-15.

- Life Assurance sector receipts increased by 87 per cent in the latest year: from £0.7 billion in 2013-14 to £1.3 billion in 2014-15.

- Offshore sector receipts reduced from £3.6 billion in 2013-14 to £2.1 billion in 2014-15.

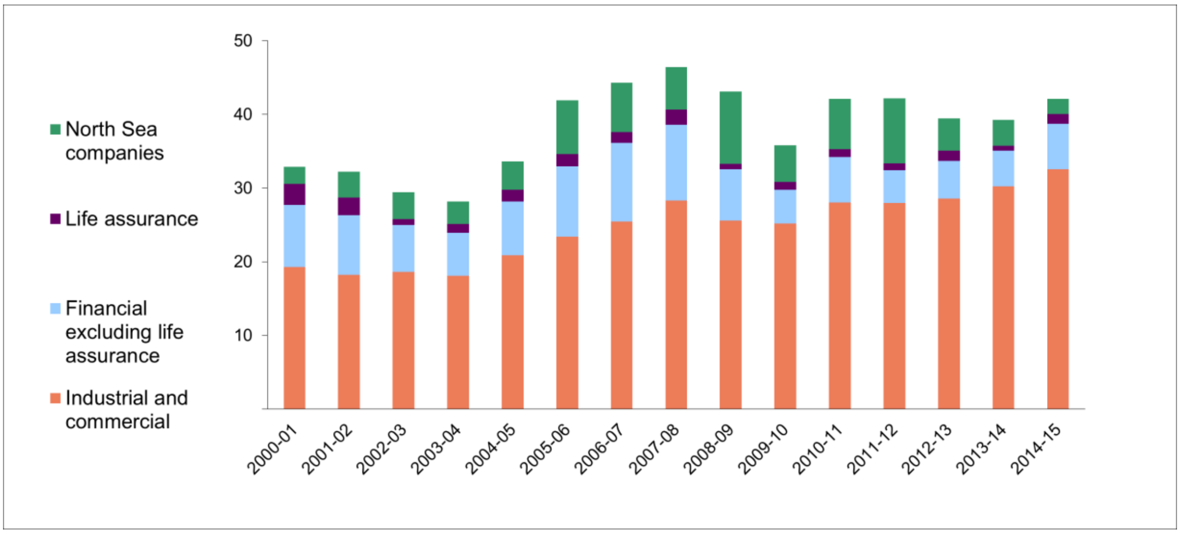
- Bank Levy receipts have increased from £2.2 billion in 2013-14 to £2.7 billion in 2014-15.

Figure 1 shows the changes in net CT receipts in the period from 2000-01 to 2014-15. CT receipts have increased from 2013-14 to 2014-15.

The Industrial and Commercial sector has consistently contributed the highest proportion of CT receipts among the sectors: on average accounting for 72 per cent of all CT receipts since 2009-10.

From 2008-09 to 2011-12, receipts from North Sea companies had overtaken the Financial sector (excluding Life Assurance) to become the second largest contributor. This reflected the rise in oil prices in 2008-09 and the effects of the economic downturn on the financial sector. However, the latest figures show a reversal in this trend, with the Financial Sector becoming the second largest contributor from 2012-13 onwards.

Figure 1. Corporation Tax net receipts, by sector, 2000-01 to 2014-15 (£ billions)



Corporation Tax liabilities

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

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

- Total Corporation Tax liabilities for 2013-14 were £40.2 billion, compared to £40.1 billion in 2012-13, an increase of 0.2 per cent. (See table 11.1B)

- Corporation Tax liabilities from ring-fenced oil and gas companies decreased from £4.6 billion in 2012-13 to £3.4 billion in 2013-14, a drop of 26 per cent. A decline in production and rising capital expenditure are the main factors in this decrease. (See table 11.1B)

- Onshore liabilities (i.e. from companies other than ring-fenced oil and gas companies) increased from £35.5 billion in 2012-13 to £36.8 billion in 2013-14, a 4 per cent increase. (See table 11.1B)

- The number of companies with trading profits in 2013-14 was up 9.0 per cent from 2012-13 to 1.26 million. The number with a tax liability in 2013-14 was up 10.0 per cent from 2012-13 to 1.14 million. (See table 11.3)

- The distribution of companies' tax liabilities is highly skewed. In 2013-14 about 6,400 companies (under 1 per cent) had liabilities of £500,000 or more, between them contributing around 58 per cent of total Corporation Tax payable. (See table 11.6)

- Companies with liabilities of less than £10,000 comprised about 65 per cent of the total number of companies liable for corporation tax in 2013-14, but owed only around 6 per cent of the total Corporation Tax payable. (See table 11.6)

- In 2013-14 the largest industrial sector for tax payable was Wholesale and Retail Trade and Repairs with £6.0 billion (or 15 per cent) of the total tax payable of £40.2 billion. This was followed by Professional, Scientific and Technical (£5.4 billion) and Financial and Insurance (£5.3 billion). (See table 11.7)

- Claims for Capital Allowances on qualifying assets in 2013-14 were up £13.1 billion (17 per cent) on 2012-13 to £91.3 billion. (See table 11.10)

- By value 87 per cent of the Capital Allowances claims in 2013-14 were in respect of allowances on plant and machinery. These claims have increased by £12.9 billion (19 per cent) from 2012-13. (See table 11.10)

Figure 2 shows the changes in Corporation Tax liabilities in the period from 1999-00 to 2013-14.

From 2002-03 onwards Corporation Tax liabilities rose steadily to a peak in 2007-08, but then fell in 2008-09 and 2009-10 as a result of the global financial crisis and economic slow-down. Liabilities in the last four years are back above £40 billion per year.

Industrial and commercial companies have the highest Corporation Tax liability, on average accounting for almost two thirds of total Corporation Tax liabilities during the period covered in this publication.

Figure 2. Corporation Tax liabilities, by sector, 1999-00 to 2013-14 (£ billions)

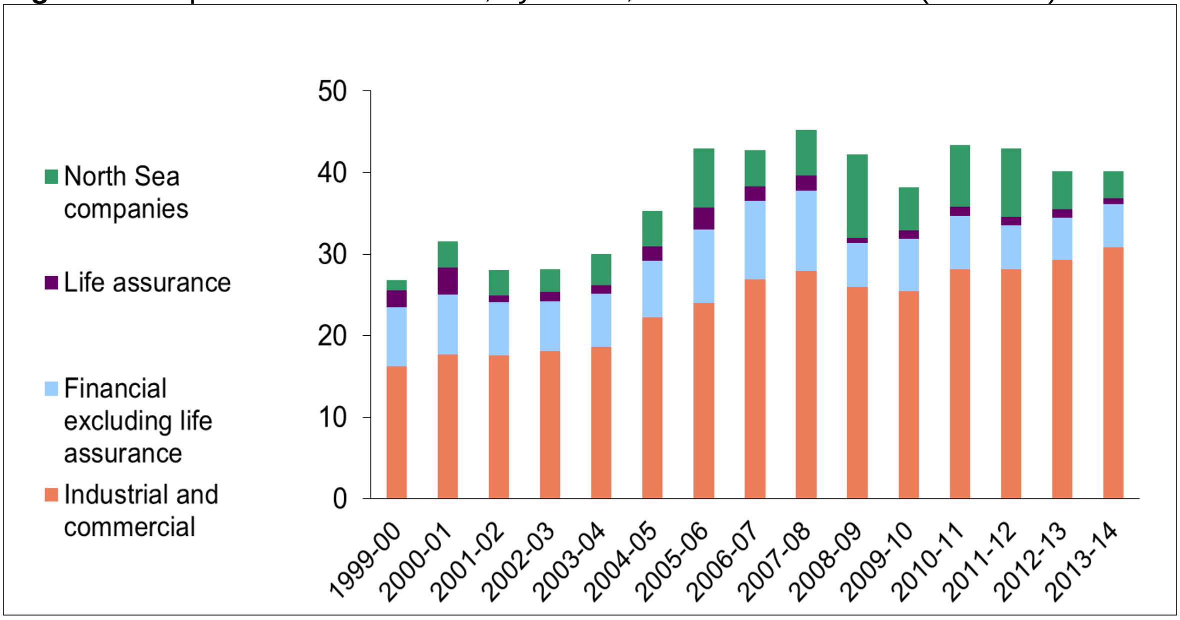
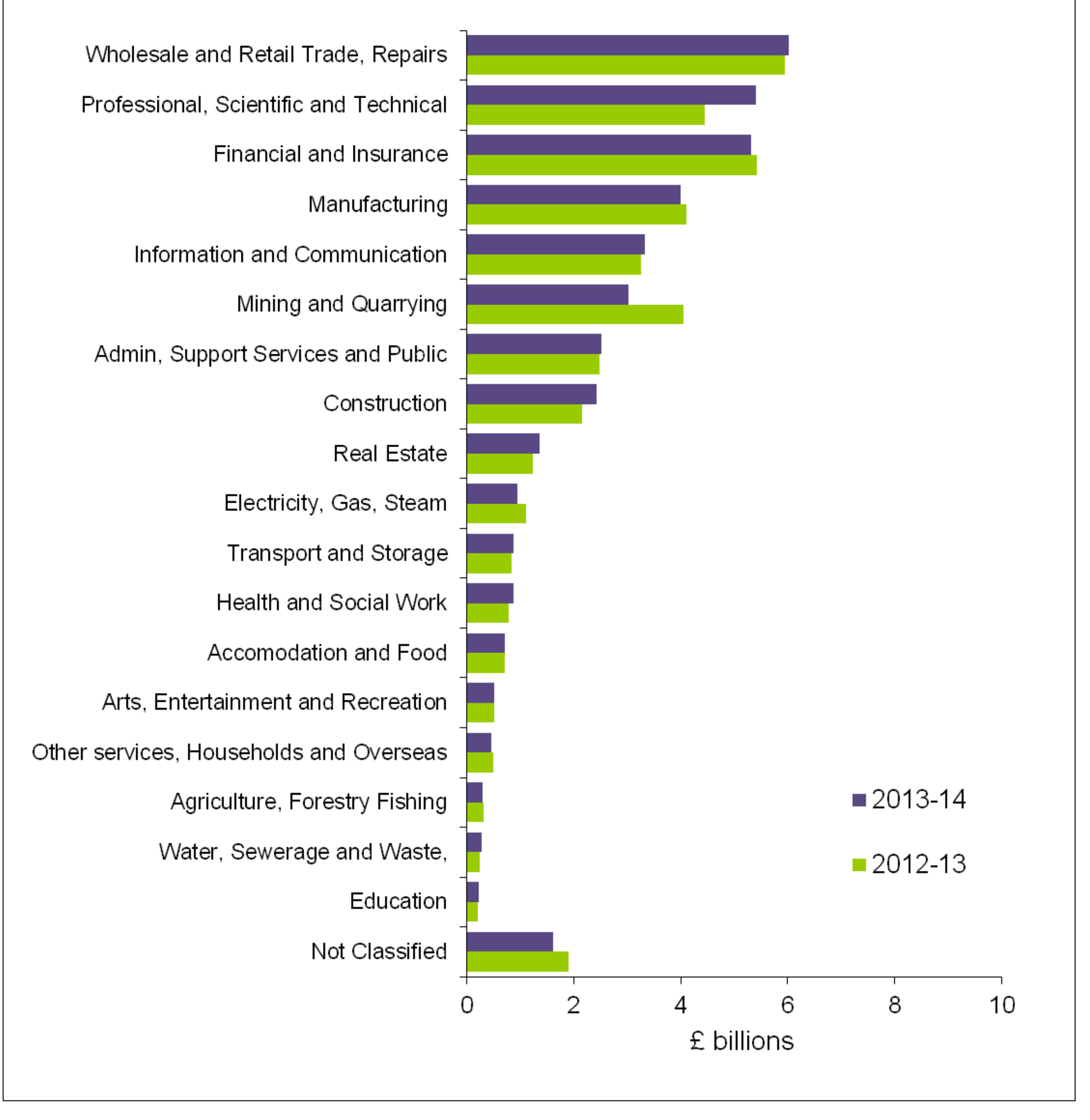


Figure 3 shows a breakdown of Corporation Tax liabilities by SIC 2007 industry sectors for 2012-13 and 2013-14.

In 2013-14, the Wholesale and Retail Trade and Repairs sector was the largest with liabilities of £6.0 billion. In 2012-13 it was also the Wholesale and Retail Trade and Repairs sector at £6.0 billion. In 2013-14 there was a drop in Corporation Tax liabilities from North Sea oil and gas companies, which are included in the Mining and Quarrying sector. The drop was the result of a decline in production and a rise in capital expenditure on new investment and on maintenance of existing infrastructure.

Figure 3. Corporation Tax liabilities by SIC 2007 industry, 2012-13 and 2013-14 (£ billions)



Factors influencing Corporation Tax liabilities and receipts

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

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

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

Costings for policies affecting Corporation Tax are published at each Budget, which indicate the estimated impact of each tax policy change. The policy costings documents for previous Budgets can be found on the National Archives website: http://webarchive.nationalarchives.gov.uk/20130319161430/http://hm-treasury.gov.uk/budget_archive.htm

SECTION 3: Key features of Corporation Tax and the Bank Levy

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

Profits and deductions

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 except that companies have no exempt amount and company gains are not affected by the reforms made in 1998 to capital gains tax.

Capital allowances provide relief, for 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 HMRC National Statistic Table A.5 that is published separately https://www.gov.uk/government/statistics/corporate-tax-rates-of-capital-allowance

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

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

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

Company groups

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

Inter-company dividends

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

Tax rates

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

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

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

Payment and assessment arrangements

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

Companies with taxable profits of more than £1.5 million annually are normally required to pay by Quarterly Instalment Payments (QIPs), where the first instalment becomes due in month 7 of the accounting period. Smaller companies in a group where the total taxable profits across the group are over £1.5 must also pay under the QIPs system. Groups can set up Group Payment Arrangements whereby one nominated company makes instalment payments on behalf of the group. Smaller companies outside the QIPs regime have to pay Corporation Tax within 9 months and a day of their accounting period end date.

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

Historical Background

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

Date	Corporation Tax changes
1965	Corporation Tax (CT) introduced, with a uniform rate on all profits. An additional charge to income tax was made when profits were distributed.
1973	Small Companies' Rate (SCR) introduced, with Marginal Relief to smooth the progression between the SCR and the Main Rate. Advance Corporation Tax (ACT) and tax credits (the "partial imputation system") introduced.
1980s	Substantial reductions in the Main Rate (from 52% to 35%) and the SCR (from 40% to 25%). Reforms to the capital allowances regime.
1990s	Continued reductions in the Main Rate (from 35% to 30%) and the SCR (from 25% to 20%).
October 1993	Corporation Tax Pay and File system introduced.
2 July 1997	Tax credits on dividends abolished.
1999	ACT abolished. Corporation Tax Self-Assessment introduced. Quarterly instalment payments (QIPs) introduced for large companies.
1 April 2000	Starting Rate of 10% introduced.
1 April 2002	Starting Rate cut to zero. SCR reduced from 20% to 19%.
1 April 2004	Non-Corporate Distributions Rate (NCDR) introduced on profits distributed to "persons who are not companies".
1 April 2006	Starting Rate and NCDR replaced by a single rate set at the SCR.
1 April 2007	SCR raised from 19% to 20%.
1 April 2008	Main Rate reduced from 30% to 28%. SCR raised from 20% to 21%
1 April 2011	Main Rate reduced from 28% to 26%. Small Profits Rate (SPR), formerly known as SCR, reduced from 21% to 20%. Introduction of compulsory online filing for Company Tax returns
1 April 2012	Main Rate reduced from 26% to 24%
1 April 2013	Main Rate reduced from 24% to 23%
1 April 2014	Main Rate reduced from 23% to 21%
1 April 2015	Single unified rate of 20% introduced.

Companies have been charged Corporation Tax since 1965. Before that, they were liable to income tax on their total income and to profits tax. The system introduced in

1965 charged a uniform rate on all profits and an additional charge to income tax was made when profits were distributed.

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

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

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

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

In October 1993 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 that increased the recorded levels of both payments and repayments, but had no effect on net receipts.

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

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

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

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

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

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

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

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

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

The Bank Levy

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

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

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

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

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

Bank Levy Rates

The rates are:

01 January 2011 – 28 February 2011

0.5% for short-term chargeable liabilities and 0.025% for long-term chargeable equity and liabilities.

01 March 2011 – 30 April 2011

0.1% for short-term chargeable liabilities and 0.05% for long-term chargeable equity and liabilities.

01 May 2011 – 31 December 2011

0.075% for short-term chargeable liabilities and 0.0375% for long-term chargeable equity and liabilities.

01 January 2012 – 31 December 2012

0.088% for short-term chargeable liabilities and 0.044% for long-term chargeable equity and liabilities.

01 January 2013 – 31 December 2013

0.130 % for short-term chargeable liabilities and 0.065% for long-term chargeable equity and liabilities.

01 January 2014 -31 March 2015

0.156% for short-term chargeable liabilities and 0.078% for long-term chargeable equity and liabilities.

01 April 2015 – 31 December 2015

0.21% for short term chargeable liabilities and 0.105% for long-term chargeable equity and liabilities.

01 January 2016

0.18% for short term chargeable liabilities and 0.09% for long-term chargeable equity and liabilities.

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

Banking Sector Tax Receipts Statistics

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

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

SECTION 4: Corporation Tax receipts

Background

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

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

Tax Credits

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

Table 11.1A Corporation Tax and Bank Levy net receipts, 1999-00 to 2014-15

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

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

The Bank Levy, which was introduced from 1 January 2011, is returned to HMRC as part of the supplementary pages to the CT600 company tax return. Liabilities and receipts are recorded on the HMRC COTAX system. All companies subject to the Bank Levy are deemed to be 'large companies' for payment purposes and therefore all liabilities are paid as quarterly instalments under the same provisions as Corporation Tax. Payments began to be received during 2011-12.

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

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

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

Key points:

1. Total CT receipts in 2014-15 stood at £43.0 billion. This figure includes around £900m of tax credits, which were given as enhanced relief.

2. There was little change in total CT receipts in 2010-11 to 2011-12, with receipts rising slightly to £43.1 billion in 2011-12.This was followed by a decrease of 6 per cent to £40.5 billion in 2012-13. In 2012-13 to 2013-14, there was little change with receipts falling to £40.3 billion in 2013-14. This was followed by an increase of 7 per cent in 2014-15 to £43.0 billion.

3. CT receipts from UK Oil & Gas companies fell by 49 per cent from £9.8 billion in 2008-09 to £5.0 billion in 2009-10 as oil prices dropped back from their

previous highs, before rising again by 37 per cent to £6.9 billion in 2010-11 as oil prices began to increase again. Receipts rose again by 29 per cent to £8.8 billion in 2011-12 as oil prices continued to rise and the CT supplementary charge was increased to 32 per cent from 20 per cent on 24 March 2011. Sharp declines in production and rising expenditure were the main contributory factors in CT receipts falling by 50 per cent to £4.4 billion in 2012-13, then a further reduction of 19 per cent to £3.6 billion in 2013-14. These factors continued to cause CT receipts to fall in 2014-15 along with falling oil prices. CT receipts fell a further 42 per cent to £2.1 billion in 2014-15.

4. The 2013-14 to 2014-15 increase in overall CT receipts includes a £0.6 billion increase in receipts from the Life Assurance sector.

5. CT receipts from the Onshore company industrial sectors increased from £36.8 billion in 2013-14 to £40.9 billion in 2014-15.

6. Bank Levy was introduced in January 2011 and the first payments were received in August 2011. Receipts of the Bank Levy remained the same in 2011-12 and 2012-13 at £1.6 billion and have increased by 38 per cent in 2012-13 from £1.6 billion to £2.2 billion in 2013-14. Receipts of the Bank Levy increased again in 2014-15 to £2.7 billion. This is mainly due to the increase in the rate of the Bank Levy.

Table 11.1A

Corporation tax and Bank Levy

Corporation tax and Bank Levy net receipts 1999-00 to 2014-15

£ millions

Corporation tax net receipts	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14[a]	2014-15
Onshore companies - net receipts excluding ACT																
By type of payment:																
Mainstream corporation tax	19,448	-208	-1,766	-1,574	-1,430	-872	-595	-380	230	-71	156	24	-56	-151	-91	-55
Quarterly Instalment Payments	11,989	26,316	24,765	21,111	19,910	23,019	26,394	28,169	29,032	21,875	19,650	24,275	21,869	24,163	23,108	25,488
All Other Payments	..	4,433	5,716	6,468	6,993	8,086	9,333	10,381	12,047	12,305	11,828	11,878	12,477	12,058	13,754	15,500
Total	31,437	30,541	28,715	26,005	25,473	30,233	35,132	38,170	41,309	34,109	31,634	36,177	34,290	36,070	36,771	40,932
By industrial sector[1]:																
Manufacturing	..	5,529	5,077	4,256	3,720	4,717	4,895	4,656	4,507	3,871	4,672	5,596	4,716	5,135	4,775	4,595
Distribution	..	3,942	3,976	4,499	4,628	4,544	4,344	5,175	5,794	5,131	5,145	5,946	5,473	5,599	5,843	5,031
Other industrial and commercial[2]	..	9,769	9,146	9,991	10,005	11,912	14,517	15,979	18,418	17,256	16,044	17,200	18,566	18,642	20,512	23,676
Financial excluding life assurance	..	8,445	8,094	6,464	5,933	7,394	9,688	10,895	10,460	7,132	4,687	6,318	4,587	5,297	4,938	6,315
Life assurance	..	2,856	2,422	796	1,187	1,665	1,687	1,466	2,131	718	1,086	1,117	948	1,397	702	1,316
Total	31,437	30,541	28,715	26,006	25,473	30,232	35,131	38,170	41,309	34,109	31,634	36,177	34,290	36,070	36,771	40,932
North Sea companies - net receipts excluding ACT																
Mainstream corporation tax	578	-65	92	-5	-69	-60	-53	-39	4	-16	-10	35	-5	0	0	-2
Quarterly instalments and balancing payments[3]	570	2,394	3,423	3,667	3,126	3,891	7,360	6,748	5,724	9,842	5,008	6,828	8,845	4,412	3,556	2,075
Total	1,148	2,329	3,515	3,662	3,057	3,831	7,307	6,709	5,728	9,826	4,998	6,863	8,840	4,412	3,556	2,073
Advance corporation tax - net receipts[4]	1,737	-449	-189	-179	-71	-33	-84	-4	-1	-8	-4	..	..	..	..	..
Total net receipts of corporation tax[5]	34,322	32,421	32,041	29,488	28,459	34,031	42,355	44,875	47,036	43,927	36,628	43,040	43,130	40,482	40,327	43,005
Bank Levy[6]	..	..	..	..	..	..	..	..	..	..	..	..	1,612	1,594	2,200	2,748

Updated August 2015

[a] For 2013-14 and subsequent years the breakdowns of net receipts between onshore and North Sea companies, and between sectors within onshore companies, are subject to change as payments originally made in respect of a group of companies are re-allocated to individual companies within the group. The current breakdown for 2014-15 is based on the latest available information on likely eventual reallocations.

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

[2] Including overseas companies.

[3] The figures for 2002-03 and subsequent years include the supplementary charge in respect of ring fence trades. The amounts are £293 million in 2002-03, £766 million in 2003-04, £1,041 million in 2004-05, £2,097 million 2005-06, £1,790 million in 2006-07, £2,326 million in 2007-08, £4,110 million in 2008-09, £2,159 million in 2009-10, £3,054 million in 2010-11, £4,126 million in 2011-12, £2,496 million in 2012-13, £1,891 million in 2013-14 and 1,080 million in 2014-15.

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

[5] The figures for 2002-03 and subsequent years are gross of tax credits given as enhanced relief. The amounts are £200 million in 2002-03, £400 million in 2003-04, £450 million in 2004-05, £550 million in 2005-06, £550 million in 2006-07, £650 million in 2007-08, £850 million in 2008-09, £800 million in 2009-10, £900 million in 2010-11, £1,000 million in 2011-12, £1,050 million in 2012-13, £1,050 million in 2013-14 and £900 million in 2014-15. In previous years this table has shown receipts net of tax credits given as enhanced relief. This has been altered as a result of revisions to the European System of Accounts (ESA2010) and the Public Sector Finances Review. Enhanced relief tax credits are now classed as expenditure. Total CT receipts in this table are higher in each year from 2002-03 when compared to the previous version. There is no change in total HMRC receipts as the increase in CT is offset by increased expenditure.

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

The next scheduled release is in August 2016, which will show Corporation Tax liabilities to 2015-2016

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SECTION 5: Corporation Tax liabilities

Tables in this section

Background

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

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

Corporation Tax returns are allocated to financial years according to the end date of the accounting period. For large companies these end dates are generally 31 December or 31 March in respect of calendar or financial year accounting periods. Corporation Tax returns are normally due twelve months after the end of an accounting period, and then it takes a further period to capture the data electronically. Allowing for this and late returns, there is some delay before the estimates for a relevant year become available. In this current release, the most recent available estimates for liabilities relate to 2013-14.

Industry breakdown

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

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

Further information about the IDBR can be found at the following link:
http://www.ons.gov.uk/ons/about-ons/products-and-services/idbr/index.html

Further information about industrial classification by the ONS and by Companies House can be found at the following links:
http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html

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

Tax Credits

Please see the note on Tax Credits at the start of section 4 (page 22).

It has not been possible to implement this change to liabilities statistics to take account of Tax Credits in time for this publication, although the change has been implemented for the receipts statistics. This means that for the August 2015 release only, the two sets of statistics are on a different basis.

This publication includes figures for the financial year 2013-14, which coincides with the introduction of the Research and Development Expenditure Credit (RDEC) scheme for large companies. This new scheme allows large companies to recoup expenditure on qualifying research and development through an above-the-line credit towards Corporation Tax, or a payable credit where no Corporation Tax is due.

The changes to Corporation Tax liabilities brought about by RDEC will be implemented as part of the move of the liabilities statistics to the new accounting basis in the next publication. For further information on Research and Development Tax Credits Statistics, see the following link:
https://www.gov.uk/government/collections/corporate-tax-research-and-development-tax-credits

Table 11.1B Corporation Tax liabilities, 1999-00 to 2013-14

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

Figures for the breakdown of broad business categories of industrial and commercial companies for financial years from 2008-09 onwards are, for the first time, based on Standard Industrial Classification (SIC) 2007 codes. For financial years through to 2007-08, the broad business categories are based on HMRC's Summary Trade Classification (STC) codes. Testing has shown that the broad business categories breakdown is very similarly under SIC2007 codes as under STC codes.

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

Key points:

1. Total Corporation Tax liabilities for 2013-14 were £40.2 billion, compared to £40.1 billion in 2012-13, an increase of 0.2 per cent.

2. Corporation Tax liabilities from ring-fenced oil and gas companies decreased from £4.6 billion in 2012-13 to £3.4 billion in 2013-14, a drop of 26 per cent. A decline in production and rising capital expenditure in this sector are the main factors in the decrease.

3. Despite a decrease in the main rate of Corporation Tax from 24 per cent to 23 per cent in April 2013, onshore liabilities (i.e. from companies other than ring-fenced oil and gas companies) increased from £35.5 billion in 2012-13 to £36.8 billion in 2013-14, a 4 per cent increase.

4. For industrial and commercial companies and financial companies excluding life assurance, liabilities in 2013-14 increased by 5 and 3 per cent, respectively. However, liabilities from life assurance companies decreased 40 per cent in 2013-14.

Table 11.1B

Corporation Tax

Corporation tax liabilities 1999-00 to 2013-14 [a]

Amounts: £ million

Corporation tax liabilities After ACT set off [b]	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06[d]	2006-07	2007-08	2008-09[e]	2009-10	2010-11	2011-12	2012-13	2013-14
Onshore companies															
Industrial and commercial [c]	16,249	17,630	17,545	18,142	18,648	22,226	24,010	26,920	27,970	25,920	25,447	28,180	28,109	29,245	30,787
Financial excluding life assurance	7,205	7,436	6,518	6,014	6,465	6,988	8,990	9,603	9,801	5,477	6,420	6,504	5,367	5,198	5,361
Life assurance	2,131	3,312	869	1,211	1,077	1,741	2,705	1,726	1,844	598	998	1,073	1,136	1,085	646
Total	25,585	28,378	24,932	25,367	26,190	30,955	35,705	38,249	39,615	31,995	32,865	35,757	34,612	35,528	36,794
North Sea companies	1,258	3,180	3,080	2,810	3,860	4,332	7,295	4,518	5,623	10,270	5,346	7,585	8,340	4,593	3,408
Total liabilities of corporation tax (after ACT set off)	26,843	31,558	28,012	28,177	30,050	35,287	43,000	42,767	45,238	42,265	38,211	43,342	42,952	40,121	40,202

Updated August 2015

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

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

[c] Including overseas and companies not classified elsewhere.

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

[e] From 2008-09 the figures have been revised using latest available HMRC data. The methodology for defining the type of onshore companies is from this year based on SIC 2007 industrial sector codes.

The next scheduled release is in August 2016, which will show Corporation Tax liabilities to 2014-2015

Table 11.2: Income, allowances, deductions and tax liabilities by company sector, 2008-09 to 2013-14

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

As with table 11.1B figures for the breakdown of broad business categories of industrial and commercial companies for financial years from 2008-09 onwards are, for the first time, based on Standard Industrial Classification (SIC) 2007 codes.

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

The next line depicts the total Corporation Tax charge, before reliefs are applied, taking into account whether the company was taxed at the main rate or the small profits rate (or the starting rate that applied between 2000-01 and 2005-06). The following line shows marginal relief for companies with profits between the upper and lower thresholds (refer to Annex C for more detail about marginal relief). There is then ACT set off (explained in the notes to table 11.1A above), double taxation relief (which allows for tax companies which may have already paid on overseas profits in the countries where those profits were earned) and other minor adjustments.

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

Key points:

1. Corporation Tax liabilities, after the deduction of set-offs, are estimated to have increased by £4.9 billion between 2008-09 (£25.9 billion) and 2013-14 (£30.8 billion) for industrial and commercial companies (excluding

overseas and North Sea oil companies).

2. Financial companies (excluding life assurance) saw a small decrease of £0.1 billion over the same period (from £5.5 billion in 2008-09 to £5.4 billion in 2013-14).

3. In 2013-14 financial companies saw an increase in gross taxable trading profits from 2012-13 (up £3.1 billion to £54.1 billion or 6 per cent). Additionally there was a drop in the use of most reliefs by these companies compared to 2012-13, which meant an overall increase in profits chargeable (up £4.2 billion or 16 per cent) and Corporation Tax liability, after ACT setoff (up £0.2 billion or 3 per cent).

4. Though the trend for double taxation relief has been downward for both financial and industrial and commercial companies, but there was a jump in this relief in 2013-14 for financial companies only, from £1.0 billion in 2012-13 to £1.6 billion.

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

Table 11.2

Corporation Tax

Income, allowances, deductions and tax liabilities by company sector, 2008-09 to 2013-14 [a]

Amounts: £ million

	Industrial and commercial companies excluding overseas and North Sea oil companies [b]						Financial companies excluding life assurance					
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Gross taxable trading profits	196,196	198,865	215,223	220,793	232,923	249,558	55,688	62,658	64,976	64,532	51,014	54,079
Capital allowances (less balancing charges) offset against trading profits	37,851	42,352	44,406	45,549	43,527	52,293	4,511	5,673	6,500	6,210	4,684	4,712
Trading losses from previous years offset against this year's trading profits	9,307	10,580	12,448	12,906	14,594	14,020	9,406	13,829	15,046	15,367	7,376	7,429
Other taxable income and net capital gains	141,011	95,029	63,530	62,698	62,428	62,240	68,998	42,725	27,482	27,824	27,825	26,762
Trading losses offset against other income	13,993	9,133	7,606	7,201	6,766	6,393	3,093	1,600	1,266	1,673	1,032	593
Charges paid and offset against profits	2,002	1,395	1,453	1,596	1,641	2,095	115	89	128	217	128	180
Group relief received	104,613	79,261	73,498	71,450	71,585	70,258	55,531	40,081	30,529	32,512	31,667	28,958
Other deductions	23,157	20,684	19,816	18,978	20,424	19,848	10,788	9,334	8,014	7,193	7,715	8,552
Profits chargeable to corporation tax	146,284	130,489	119,526	125,811	136,814	146,891	41,242	34,777	30,975	29,184	26,237	30,417
Charge to corporation tax	39,015	34,276	31,077	31,132	31,792	32,845	11,502	9,540	8,530	7,637	6,345	7,018
Marginal Small Companies Relief	437	341	377	378	310	243	17	14	16	16	13	10
Advance corporation tax set off	24	22	15	12	19	17	0	1	2	0	0	1
Double taxation relief	12,444	8,241	2,306	2,636	2,437	1,934	5,718	3,032	1,953	2,254	995	1,622
Income tax set off and other non-standard reductions	190	225	198	-5	-219	-135	290	72	56	-1	138	24
Corporation tax liabilities (after ACT set off)	25,920	25,447	28,180	28,109	29,244	30,786	5,477	6,420	6,504	5,367	5,198	5,361

Updated August 2015

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

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

The next scheduled release is in August 2016, which will show Corporation Tax: income, allowances, deductions and tax liabilities by company sector, to 2014-2015

Table 11.3 Corporate income, allowances and tax liabilities, 2006-07 to 2013-14

This table provides a summary of corporate income and Corporation Tax liabilities from 2006-07 to 2013-14.

Key points:

1. The number of companies with trading profits in accounting periods ending in 2013-14 was up 9.0 per cent from the previous year to 1.26 million. The number with a tax liability in 2013-14 was up 10.0 per cent to 1.14 million.

2. There were larger increases in the number of companies paying the marginal small profits rate and small profits rate than those paying the main rate.

3. In 2013-14, 1.14 million profit-making companies had total chargeable profits of £190 billion, an increase in profits of 5.6 per cent on the previous year. Gross trading profits (before capital allowances) increased by 7.7 per cent and capital allowances increased by 16.5 per cent over the same period.

4. About two thirds of the total chargeable profits in 2013-14 (attributable to around 45,500 companies) were taxed at the 23 per cent main rate of Corporation Tax. The remaining 1.1 million companies either received marginal relief against their main rate liability or were taxed at the 20 per cent small profits rate of CT.

5. 1.0 million companies fell into the 20 per cent small profits rate of Corporation Tax in 2013-14. A further 53 thousand companies with profits above £300,000 were liable at 23 per cent but received marginal small profits relief. The marginal small profits relief is calculated on a sliding scale for profits between £300,000 and £1.5 million (see Appendix C).

6. From the overall £40.2 billion Corporation Tax liability in 2013-14, about 7 thousand of the typically very largest companies claimed £4.5 billion in ‘Double tax relief’ in respect of tax paid abroad on income repatriated to the UK (comprising mainly dividends).

7. An estimated 140 companies claimed deductions of Advance Corporation Tax (ACT) totalling £18 million in 2013-14. No new ACT has arisen on dividends paid on or after 6 April 1999 and this amount represents a deduction from the pool of ‘surplus’ ACT that certain companies are carrying forward.

8. Other reliefs include both deductions and certain charges to tax (for example tax payable in respect of controlled foreign companies).

Table 11.3

Corporation Tax

Number, income, allowances, tax liabilities and deductions

Financial years 2006-07 to 2013-14 [a]

Numbers: companies ; Amounts: £ millions

	2006-07		2007-08		2008-09		2009-10	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross taxable trading profit [b]	917,009	269,706	972,101	274,612	944,948	283,991	964,485	285,435
Capital allowances [c]	789,632	79,296	856,265	74,850	896,902	70,681	910,869	74,521
Net trading profits [d, b]	868,361	210,290	920,788	221,162	889,325	236,142	897,260	230,345
Other income & gains	706,212	195,063	763,294	211,100	776,627	225,793	641,056	155,305
Deductions allowed	413,656	182,678	460,719	214,474	477,094	246,136	440,130	201,935
Total chargeable profits	886,907	222,684	924,260	217,794	889,215	215,804	873,400	183,718
Rates at which profits charged [e]								
Main rate	48,045	168,346	48,139	157,918	46,960	161,286	40,329	132,727
Marginal small profits rate [f]	40,738	13,062	43,333	14,296	39,320	13,060	36,564	11,997
Small profits rate [f]	798,124	41,276	832,787	45,580	802,936	41,459	796,507	38,994
Marginal starting rate								
Starting rate [g]								
Total tax charge [h]	886,907	64,273	924,259	62,966	889,216	62,640	873,400	51,004
Double tax relief	7,614	20,193	8,091	16,522	8,268	19,089	7,766	11,916
Act set-off	728	87	599	141	404	25	274	23
Income tax set-off	31,600	413	33,289	426	31,694	574	22,896	427
Other reliefs [i]	247,058	813	44,776	639	40,790	687	37,960	426
Corporation tax payable	877,806	42,768	916,999	45,238	884,318	42,264	867,002	38,212

	2010-11		2011-12		2012-13		2013-14 [j]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross taxable trading profit [b]	1,020,510	307,624	1,085,994	314,738	1,160,038	308,010	1,264,028	331,804
Capital allowances [c]	891,920	74,095	894,988	80,465	913,041	75,791	938,188	88,302
Net trading profits [d, b]	955,990	250,904	1,022,124	254,302	1,098,074	250,957	1,196,762	265,640
Other income & gains	533,387	108,782	533,602	108,380	549,977	106,077	570,311	97,591
Deductions allowed	419,057	185,992	427,476	184,503	437,946	177,158	429,722	173,252
Total chargeable profits	908,037	173,704	965,494	178,137	1,038,673	179,893	1,142,852	189,991
Rates at which profits charged [e]								
Main rate	39,648	119,374	40,790	118,966	43,197	116,086	45,485	124,134
Marginal small profits rate [f]	40,132	13,515	43,604	14,863	48,190	16,785	52,920	18,582
Small profits rate [f]	828,257	40,815	881,099	44,308	947,287	47,022	1,044,447	47,275
Marginal starting rate								
Starting rate [g]								
Total tax charge [h]	908,037	49,087	965,493	49,155	1,038,674	44,859	1,142,852	44,900
Double tax relief	6,819	4,923	7,026	5,621	7,231	4,335	7,303	4,487
Act set-off	209	17	190	12	184	20	140	18
Income tax set-off	15,955	303	13,304	300	13,309	294	12,726	109
Other reliefs [i]	41,122	501	43,935	268	47,696	90	52,817	86
Corporation tax payable	901,918	43,343	959,623	42,954	1,032,878	40,120	1,137,018	40,200

Updated August 2015

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

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

[c] Capital allowances less balancing charges.

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

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

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

[g] Starting rate of Corporation Tax removed in April 2006.

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

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

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

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

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

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, number, income, allowances, tax liabilities and deductions for 2014-2015

Tables 11.4 and 11.5 Computation of Corporation Tax liability by industry for 2012-13 and for 2013-14

These tables provide a derivation of Corporation Tax liabilities for 2012-13 and 2013-14 by industrial sector.

Key points for table 11.4 (2012-13):

1. For 2012-13 the largest sector by number of companies was Professional, Scientific and Technical with around 272 thousand (or 20 per cent) of a total 1.3 million companies with trading profits or other income.

2. The largest sector by tax payable in 2012-13 was Wholesale and Retail Trade, Repairs with £6.0 billion (or 15 per cent) of the total tax payable of £40.1 billion.

3. In 2012-13 the Financial and Insurance sector had the largest net trading profits at £45.8 billion (or 18 per cent) of the total of £251 billion net trading profits for all companies.

Key points for table 11.5 (2013-14):

1. In 2013-14 the largest sector by number of companies was Professional, Scientific and Technical with around 300 thousand (or 21 per cent) of the 1.4 million companies with trading profits or other income.

2. The largest sector for tax payable in 2013-14 was Wholesale and Retail Trade and Repairs with £6.0 billion (or 15 per cent) of the total tax payable of £40.2 billion.

3. The Financial and Insurance sector had the largest net trading profits in 2013-14 at £55.3 billion (or 21 per cent) of the total of £266 billion net trading profits for all companies.

4. Overall net trading profits were up in 2013-14 (up 6 per cent from 2012-13 to £266 billion). However there were shifts of liabilities within sectors between 2012-13 and 2013-14. The Financial and Insurance sector was up 21 per cent but the Mining and Quarrying sector was down 16 per cent to £10 billion.

5. At £17.1 billion Mining and Quarrying had the largest capital allowances in 2013-14.

Table 11.4

Corporation Tax: financial year 2012-13 [a]

Computation of liability.

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

Numbers: actual Amounts: £ millions

Industry	Number of cases with trading profits and other income [b]	Gross trading profits [b]	Capital allowances [c]	Net trading profits	Other income & gains [c]	Deductions allowed	Total chargeable profits	ACT set-off [d]	Other reliefs set against tax [e]	Tax payable
A. Agriculture, Forestry and Fishing	15,401	1,945	632	1,436	318	350	1,404		8	313
B. Mining and Quarrying	1,722	21,072	14,174	12,039	2,711	4,406	10,344		868	4,056
C. Manufacturing	83,920	35,012	9,293	28,312	3,316	14,098	17,531		78	4,110
D. Electricity, Gas, Steam and Air Conditioning	1,649	11,838	5,331	7,800	870	4,101	4,569		1	1,107
E. Water, Sewerage and Waste,	4,378	4,436	2,530	2,160	675	1,850	985		2	234
F. Construction	164,455	15,350	2,953	12,750	5,300	8,299	9,753		27	2,163
G. Wholesale and Retail Trade, Repairs	168,339	38,146	7,362	31,987	3,587	9,466	26,110		229	5,955
H. Transport and Storage	34,419	10,918	3,858	7,876	925	5,148	3,654		16	846
I. Accomodation and Food	45,427	5,757	1,759	4,397	1,129	2,507	3,020		2	704
J. Information and Communication	137,326	27,077	6,472	21,379	2,146	8,823	14,704		116	3,249
K. Financial and Insurance	39,259	49,998	5,372	45,755	32,015	47,818	29,952		1,792	5,319
L. Real Estate	78,382	4,385	529	4,042	9,379	8,028	5,394		13	1,231
M. Professional, Scientific and Technical	272,215	28,011	3,614	25,983	19,647	23,588	22,044		563	4,446
N. Admin and Support Services: O. Public Admin, Defence and Social Services	109,550	26,065	7,287	20,132	7,226	15,426	11,932		339	2,476
P. Education	20,793	1,396	167	1,285	72	417	940		3	206
Q. Health and Social Work	47,473	5,008	620	4,518	520	1,396	3,643		14	789
R. Arts, Entertainment and Recreation	29,072	4,222	719	3,736	526	1,888	2,374		34	519
S. Other services activities; T. Households; U. Overseas	48,706	3,815	633	3,355	754	1,810	2,299		15	500
Unclassified	28,412	13,560	2,486	12,015	14,963	17,739	9,240		599	1,897
All industries	1,330,897	308,010	75,791	250,957	106,077	177,158	179,893	20	4,719	40,120

Updated August 2015

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

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

[c] Capital allowances less balancing charges.

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

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

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

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

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, computation of liability for 2013-2014

Table 11.5

Corporation Tax: financial year 2013-14 [a]

Computation of liability.

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

Numbers: actual Amounts: £ millions

Industry	Number of cases with trading profits and other income [b]	Gross trading profits [b]	Capital allowances [c]	Net trading profits	Other income & gains [c]	Deductions allowed	Total chargeable profits	ACT set-off [d]	Other reliefs set against tax [e]	Tax payable
A. Agriculture, Forestry and Fishing	16,137	2,245	1,027	1,415	301	332	1,383		4	301
B. Mining and Quarrying	1,717	19,432	17,102	10,070	2,398	4,579	7,890		614	3,029
C. Manufacturing	84,853	38,111	11,535	29,040	3,501	14,525	18,016		129	3,996
D. Electricity, Gas, Steam and Air Conditioning	2,078	11,904	5,393	8,063	734	4,662	4,134		1	953
E. Water, Sewerage and Waste,	4,702	5,081	3,130	2,173	734	1,721	1,187		2	270
F. Construction	174,002	17,356	3,672	14,075	5,436	8,256	11,256		25	2,428
G. Wholesale and Retail Trade, Repairs	176,973	40,153	8,440	32,858	2,669	8,681	26,848		117	6,017
H. Transport and Storage	37,765	12,076	5,334	7,691	955	4,680	3,966		15	881
I. Accomodation and Food	49,281	6,127	2,185	4,504	1,256	2,543	3,218		1	720
J. Information and Communication	147,613	27,097	6,813	21,490	1,991	7,751	15,731		140	3,331
K. Financial and Insurance	39,295	59,828	5,445	55,276	25,046	47,115	33,206		2,348	5,321
L. Real Estate	82,630	5,077	629	4,621	9,272	7,769	6,124		7	1,357
M. Professional, Scientific and Technical	299,825	32,219	4,414	29,411	19,471	22,622	26,261		480	5,404
N. Admin and Support Services: O. Public Admin, Defence and Social Services	118,365	26,204	7,943	19,676	7,534	15,277	11,933		171	2,509
P. Education	23,194	1,633	225	1,478	83	484	1,077		1	231
Q. Health and Social Work	55,675	5,662	757	5,062	571	1,545	4,088		2	874
R. Arts, Entertainment and Recreation	31,424	4,332	890	3,688	484	1,762	2,410		31	508
S. Other services activities; T. Households; U. Overseas	50,547	3,707	730	3,147	837	1,767	2,217		11	468
Unclassified	37,482	13,562	2,638	11,903	14,318	17,179	9,045		581	1,602
All industries	1,433,557	331,804	88,302	265,640	97,591	173,252	189,991	18	4,682	40,200

Updated August 2015

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

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

[c] Capital allowances less balancing charges.

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

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

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

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

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, computation of liability for 2014-2015

Table 11.6 Corporation Tax payable by size of liabilities, 2009-10 to 2013-14

This table presents an analysis of Corporation Tax payable after set-offs by year of liability for companies with accounting periods ending in 2009-10 to 2013-14. It shows the distribution by size of the liability.

Key points:

1. The distribution of companies' tax liabilities is highly skewed. In 2013-14 about 6,400 companies (under 1 per cent) had liabilities of £500,000 or more, between them contributing around 58 per cent of total Corporation Tax payable.

2. Companies with liabilities of less than £10,000 comprised about 65 per cent of the total number of companies liable for corporation tax in 2013-14, but owed only around 6 per cent of the total Corporation Tax payable.

3. In 2013-14, around 50 companies had more than £50 million each in Corporation Tax liabilities (totalling £6.9 billion or 17 per cent of the total Corporation Tax payable). The figures for 2012-13 were around 60 companies paying £8.6 billion or 21 per cent of the total Corporation Tax payable.

4. There was an increase of slightly over 100 thousand in the number of companies with any liability between 2012-13 and 2013-14. This increase was largely concentrated in companies with a Corporation Tax liability of under £1 million. There were only around 100 more companies with liabilities of £1 million or more in 2013-14 compared to 2012-13.

Table 11.6

Corporation Tax

Corporation tax payable after set-offs by year of liability

Classified by size, financial years 2009-10 to 2013-14 [a]

Numbers:actual ; Amounts:£ millions

Amount of tax payable (lower limit) [c] £	2009-10		2010-11		2011-12		2012-13		2013-14	
	Numbers [b]	Amount	Numbers [b]	Amount	Numbers [b]	Amount	Numbers [b]	Amount	Numbers [b]	Amount
>0	54,760	2	48,090	1	48,790	1	51,750	2	56,630	2
100	58,100	16	57,360	16	61,080	17	66,750	19	74,610	21
500	47,270	35	48,370	36	51,730	38	56,920	42	63,180	47
1,000	243,130	682	251,620	706	267,830	750	287,190	801	315,340	879
5,000	172,500	1,249	181,290	1,311	192,350	1,395	205,340	1,490	224,460	1,630
10,000	242,390	4,871	261,150	5,267	281,480	5,678	304,520	6,137	336,940	6,786
50,000	24,700	1,675	26,850	1,826	28,120	1,922	30,740	2,110	33,880	2,325
100,000	18,810	3,817	21,080	4,309	22,170	4,512	23,610	4,762	25,560	5,112
500,000	2,400	1,659	2,780	1,940	2,860	1,979	2,890	2,008	3,160	2,193
1,000,000	2,190	4,526	2,510	5,136	2,440	4,994	2,370	4,778	2,520	5,111
5,000,000	350	2,429	370	2,607	350	2,487	370	2,604	360	2,469
10,000,000	320	6,787	370	7,672	360	7,179	360	6,842	330	6,712
50,000,000	70	10,466	90	12,515	80	12,002	60	8,625	50	6,923
All ranges	867,000	38,212	901,920	43,343	959,620	42,954	1,032,880	40,120	1,137,020	40,200

Updated August 2015

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

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

[c] We are unable to show a further breakdown at £10,000,000 and above due to taxpayer confidentiality.

(Tables 11.6 to 11.8)

Notes on the tables

Corporation Tax payable

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, payable after set-offs by year of liability to 2014-15

Table 11.7 Corporation Tax payable by sector, 2009-10 to 2013-14

This table shows an analysis of Corporation Tax payable after set-offs by year of liability for companies with accounting periods ending in 2009-10 to 2013-14, classified by industrial sector.

The classification is based on the UK Standard Industrial Classification (SIC) 2007 standard. Some categories have been amalgamated in order to protect taxpayer confidentiality. In previous releases this table has been shown with industrial sectors based on HMRC's Summary Trade Classification (STC).

Key points:

1. In 2013-14 the largest sector in terms of the number of companies with a Corporation Tax liability was the Professional, Scientific and Technical sector with around 260 thousand companies. The growth in this section over the period of this table reflects the growing importance of new technology industries.

2. This was followed by the Construction sector (138 thousand companies) and the Wholesale and Retail Trade and Repairs sector (136 thousand companies) and the Information and Communication sector (125 thousand companies).

3. In 2013-14 the sector with the greatest growth in percentage terms in the numbers of companies on 2012-13 was the Electricity, Gas, Steam and Air Conditioning sector. There was a 20 per cent increase in the number of companies (from 694 to 834). However there was a reduction in tax payable in this sector (from £1.11 billion to £953 million).

4. The largest sector by tax payable was Wholesale and Retail Trade and Repairs with £6.0 billion (or 15 per cent) of the total tax payable of £40.2 billion. This was followed by Professional, Scientific and Technical (£5.4 billion) and Financial and Insurance (£5.3 billion). Information and Communication and Manufacturing were also large; these five sectors together accounted for 60 per cent of the total tax payable in 2013-14.

5. Between 2009-10 and 2013-14 there was a reduction of nearly £1 billion in the amount of tax payable by unclassified companies. This reduction is due to more complete data on companies' SIC 2007 codes for more recent years.

Table 11.7

Corporation Tax

Corporation tax payable after set-offs by year of liability

Classified by industry, financial years 2009-10 to 2013-14 [a b c]

Numbers: actual; Amounts: £ millions

Industry	2009-10		2010-11		2011-12		2012-13		2013-14	
	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable
A. Agriculture, Forestry and Fishing	9,142	223	9,620	263	10,286	300	10,896	313	11,300	301
B. Mining and Quarrying	892	5,300	901	7,421	922	7,903	1,027	4,056	973	3,029
C. Manufacturing	54,687	3,338	55,823	4,099	58,846	4,197	62,456	4,110	64,173	3,996
D. Electricity, Gas, Steam and Air Conditioning	321	1,185	378	1,013	509	752	694	1,107	834	953
E. Water, Sewerage and Waste,	2,343	312	2,609	358	2,807	261	3,001	234	3,254	270
F. Construction	114,038	1,883	116,546	1,944	121,516	1,970	127,519	2,163	138,793	2,428
G. Wholesale and Retail Trade, Repairs	111,216	5,666	115,553	6,113	120,522	5,857	127,273	5,955	136,027	6,017
H. Transport and Storage	21,365	587	21,883	684	23,287	787	26,116	846	29,224	881
I. Accomodation and Food	24,581	519	25,335	557	27,317	623	29,893	704	32,818	720
J. Information and Communication	88,059	2,229	92,659	2,653	103,054	2,936	114,417	3,249	124,598	3,331
K. Financial and Insurance	20,997	5,868	22,709	6,371	24,408	5,372	26,979	5,418	27,586	5,324
L. Real Estate	43,607	928	46,805	1,061	50,745	1,147	55,699	1,231	60,363	1,357
M. Professional, Scientific and Technical	176,242	3,859	187,814	4,089	208,113	4,365	232,504	4,446	260,270	5,404
N. Admin and Support Services: O. Public Admin, Defence and Social Services	72,156	2,252	75,991	2,421	79,876	2,745	83,374	2,476	91,951	2,509
P. Education	12,547	180	13,164	216	14,290	191	15,994	206	18,234	231
Q. Health and Social Work	23,291	500	28,975	637	34,886	688	41,357	789	49,366	874
R. Arts, Entertainment and Recreation	15,605	381	16,526	433	17,939	465	19,699	519	21,727	508
S. Other services activities; T. Households; U. Overseas	34,233	446	34,642	645	35,956	518	37,190	500	38,927	468
Unclassified	41,677	2,555	33,986	2,365	24,344	1,878	16,791	1,897	26,600	1,608
All industries	867,002	38,212	901,918	43,343	959,623	42,954	1,032,878	40,219	1,137,018	40,209

Updated August 2015

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

[b] Number of companies with Corporation Tax payable.

[c] Totals may not sum due to rounding

(Tables 11.6 to 11.8)

Notes on the tables

Corporation Tax payable

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, payable after set-offs by year of liability for 2014-2015

Table 11.8 Comparison of Corporation Tax payable between 2012-13 and 2013-14

This table shows a cross tabulation of Corporation Tax liabilities for companies who made a tax return in the financial year 2012-13 or 2013-14 or in both years. Companies that traded in one year but not in the other year are shown as having zero liability in the year in which they did not trade.

Key points:

1. There were around 1.11 million companies with no Corporation Tax liability in 2012-13 and around 1.01 million companies with no liability in 2013-14.

2. This decrease in the number of companies with no liability between 2012-13 and 2013-14 is the combined result of companies becoming liable for Corporation Tax after a year of no liability and newly trading companies becoming liable for the first time.

3. Around 843 thousand companies had no Corporation Tax liability in either 2012-13 or in 2013-14.

4. Around 865 thousand companies had a Corporation Tax liability in both 2012-13 and 2013-14.

Table 11.8

Corporation Tax

Corporation tax payable after set-offs in financial years 2012-13 and 2013-14 [a]

Numbers in each size category of liability [b c]

Numbers:Actual

Tax payable in 2012-13 (lower limit)	Tax payable in 2013-14 (lower limit) £								
£	0	>0	1,000	5,000	10,000	50,000	100,000	500,000	All ranges
0	843,261	81,498	85,476	46,951	51,104	3,171	2,462	803	1,114,724
>0	62,688	68,008	33,231	6,826	4,205	232	133	29	175,353
1,000	53,454	33,002	136,213	44,792	18,619	643	259	31	287,014
5,000	23,389	6,516	41,759	86,035	46,435	795	329	26	205,284
10,000	23,245	4,567	17,448	38,859	205,843	12,128	2,657	107	304,854
50,000	2,154	302	577	671	9,135	13,117	4,741	118	30,816
100,000	1,959	179	269	261	1,986	3,792	14,049	1,144	23,640
500,000	688	32	30	19	84	82	958	4,150	6,044
All ranges	1,010,839	194,105	315,003	224,415	337,412	33,961	25,588	6,408	2,147,730

Updated August 2015

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

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

[c] Totals may not sum due to rounding

(Tables 11.6 to 11.8)

Notes on the tables
Corporation Tax payable

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, after set-offs in financial years ending 2014 and 2015

Tables 11.9 and 11.10 Capital Allowance claims

Table 11.9 shows a summary of Capital Allowances due each year from 1973-74 to 2013-14. Table 11.10 shows Capital Allowances due 2008-09 to 2013-14, by type of asset and by industry.

The figures for Capital Allowances are before any claw-back for balancing charges and are therefore higher than the corresponding figures shown in tables 11.3 to 11.5 (which do take account of this).

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

Key points:

1. Claims for Capital Allowances on qualifying assets in 2013-14 were up £13.1 billion (17 per cent) on 2012-13 to £91.3 billion.

2. By value 87 per cent of the Capital Allowances claims in 2013-14 were in respect of allowances on plant and machinery. These claims have increased by £12.9 billion (19 per cent) from 2012-13.

3. Claims for the other assets category in 2013-14, at £11.5 billion, are at a similar level as 2012-13.

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

5. The Mining and Quarrying industrial sector claimed most in the way of Capital Allowances in 2013-14, with claims of £18.1 billion (or 20 per cent of the total). This was an increase of £3.5 billion (or 24 per cent) on the previous year. Other industrial sectors with large overall claims in 2013-14 were Manufacturing (£11.6 billion) and Wholesale and Retail Trade and Repairs (£8.5 billion).

6. Claims for Annual Investment Allowance (AIA) have increased by £4.8 billion (or 85 per cent) to £10.4 billion in 2013-14. There is a maximum allowance. For the 9 months 1 April 2012 to 31 December 2012 the maximum was £25,000, and for the period 1 Jan 2013 to 31 March 2014 it was £250,000, therefore there were two rates applicable during the financial year 2012-13.

Table 11.9

Corporation tax

Capital allowances due 1973-74 to 2013-14 summary

Amounts: £ millions

Year [a]	Total	Type of asset etc.			Type of allowance [b]		
		Plant and machinery and vehicles [f]	Industrial buildings	Other	Initial	First year	Other
1973-74	4,970	4,530	290	150	150	3,300	1,520
1974-75	5,150	4,590	320	240	190	3,740	1,220
1975-76	5,990	5,240	430	320	260	4,320	1,410
1976-77	6,840	6,020	440	380	240	4,890	1,720
1977-78	9,920	8,900	590	430	360	7,810	1,750
1978-79	12,970	11,990	590	390	360	11,100	1,500
1979-80 [c]	17,690	16,430	860	410	560	15,210	1,930
1980-81	17,520	15,840	1,100	580	780	14,390	2,350
1981-82	19,460	17,010	1,320	1,130	800	14,850	3,810
1982-83 [d]	25,300	22,360	1,550	1,400	940	19,420	4,940
1983-84	28,510	25,450	1,500	1,550	820	21,850	5,840
1984-85	31,880	27,530	1,670	2,680	830	23,550	7,500
1985-86	24,970	20,330	1,570	3,070	620	15,070	9,280
1986-87	19,520	15,940	1,060	2,520	160	4,500	14,860
1987-88	22,500	19,460	1,100	1,930	40	570	21,890
1988-89	28,370	24,990	1,130	2,260	..	..	..
1989-90	34,910	31,100	1,310	2,510	..	..	..
1990-91	39,390	35,650	1,240	2,490	..	..	..
1991-92	40,690	36,850	1,280	2,560	..	..	..
1992-93	43,240	40,020	1,220	2,000	..	..	..
1993-94	51,120	46,800	1,630	2,690	..	..	..
1994-95	50,250	45,970	1,550	2,730	..	..	..
1995-96	51,110	46,400	1,560	3,150	..	..	..
1996-97	54,720	50,000	1,620	3,100	..	..	..
1997-98	58,050	52,380	2,270	3,400	..	..	..
1998-99	63,206	56,627	1,783	4,796	..	..	..
1999-00	64,439	58,331	2,342	3,766	..	..	..
2000-01	67,804	61,641	2,581	3,582	..	..	..
2001-02	68,378	62,244	2,203	3,931	..	..	..
2002-03	73,630	65,580	2,515	5,535	..	..	..
2003-04	74,326	65,771	3,486	5,069	..	..	..
2004-05	71,085	63,286	3,034	4,765	..	..	..
2005-06 [e]	67,510	61,511	2,531	3,468	..	..	..
2006-07	81,577	70,460	2,603	8,515	..	..	..
2007-08	76,112	66,644	2,469	6,999	..	..	..
2008-09 [f]	72,064	62,396	2,121	7,548	..	..	..
2009-10	76,339	65,685	1,515	9,139	..	..	..
2010-11	75,219	63,893	817	10,509	..	..	..
2011-12	81,586	70,579	147	10,861	..	..	..
2012-13	78,195	66,871	5	11,319	..	..	..
2013-14	91,263	79,735	..	11,527	..	..	..

Updated August 2015

[a] The figures relate to allowances due for accounting periods ending in the financial year 31 March.
[b] Separate information on initial and first year allowances is not available from 1988-89.
[c] Figures for 1979-80 and subsequently are on a revised basis not directly comparable with earlier years.
[d] Figures for 1982-83 and subsequently include Public Corporations.
[e] From 2005-06 the figures have been evaluated using data for all companies rather than a sample.
[f] From 2008-09 this includes Annual Investment Allowance (AIA) qualifying expenditure (see Table 11.10).
Companies in groups are entitled to only a single AIA claim between them in respect of qualifying expenditure.

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

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, Capital allowances due to 2014-2015

Table 11.10

Corporation Tax

Capital allowances due 2009-10 to 2013-14[a], by type of asset and by industry

Amounts: £ millions

Industry	Plant and machinery and vehicles 2009-10 [b]	*of which 'AIA'*	2010-11	*of which 'AIA'*	2011-12	*of which 'AIA'*	2012-13	*of which 'AIA'*	2013-14	*of which 'AIA'*	Industrial buildings 2009-10	2010-11	2011-12	2012-13 [c]	2013-14
A. Agriculture, Forestry and Fishing	522	*183*	583	*259*	691	*356*	634	*261*	1,055	*525*	6	4	1		..
B. Mining and Quarrying	5,257	*13*	4,325	*18*	6,869	*21*	8,798	*13*	11,761	*41*	14	8	2		..
C. Manufacturing	8,752	*682*	9,379	*952*	9,693	*1,180*	8,996	*836*	11,271	*1,764*	401	222	50		..
D. Electricity, Gas, Steam and Air Conditioning	4,062	*4*	4,237	*8*	4,561	*17*	5,156	*16*	5,119	*58*	49	30	5		..
E. Water, Sewerage and Waste,	3,096	*52*	2,495	*77*	2,362	*100*	2,423	*72*	3,000	*162*	89	48	4		..
F. Construction	3,553	*540*	3,134	*675*	3,394	*801*	2,975	*692*	3,700	*1,106*	101	50	2		..
G. Wholesale and Retail Trade, Repairs	7,316	*834*	7,077	*1,114*	7,477	*1,290*	7,001	*983*	8,039	*1,794*	67	37	8		..
H. Transport and Storage	3,122	*260*	2,891	*363*	4,108	*455*	3,619	*323*	5,293	*709*	375	219	35		..
I. Accomodation and Food	1,692	*240*	1,713	*324*	1,786	*373*	1,690	*296*	2,133	*522*	163	92	19		..
J. Information and Communication	5,726	*250*	5,923	*340*	6,026	*407*	5,616	*330*	6,079	*548*	9	4	1		..
K. Financial and Insurance	8,126	*79*	7,723	*113*	7,303	*131*	5,547	*93*	5,782	*193*	31	11	2		..
L. Real Estate	531	*69*	470	*96*	507	*118*	521	*96*	611	*159*	29	15	3		..
M. Professional, Scientific and Technical	2,574	*394*	2,417	*520*	3,020	*630*	2,798	*551*	3,556	*857*	43	30	7		..
N. Admin and Support Services: O. Public Admin, Defence and Social Services	6,393	*400*	6,460	*538*	7,441	*659*	6,695	*505*	7,343	*969*	20	11	3		..
P. Education	208	*53*	207	*69*	171	*70*	167	*62*	227	*95*	1	0	0		..
Q. Health and Social Work	509	*118*	570	*167*	673	*195*	614	*164*	756	*252*	1	0	0		..
R. Arts, Entertainment and Recreation	708	*105*	729	*140*	801	*165*	718	*132*	877	*226*	57	3	1		..
S. Other services activities; T. Households; U. Overseas	665	*126*	652	*163*	810	*183*	622	*151*	718	*226*	4	3	1		..
Unclassified	2,873	*47*	2,907	*47*	2,886	*45*	2,282	*27*	2,416	*172*	55	27	4		..
All industries	65,685	*4,450*	63,893	*5,985*	70,579	*7,196*	66,871	*5,601*	79,735	*10,379*	1,515	817	147	5	..

Industry	Other assets 2009-10	2010-11	2011-12	2012-13	2013-14	All assets 2009-10	2010-11	2011-12	2012-13	2013-14
A. Agriculture, Forestry and Fishing	28	32	16	19	16	556	619	708	652	1,071
B. Mining and Quarrying	4,945	4,953	5,627	5,722	6,300	10,216	9,286	12,498	14,520	18,062
C. Manufacturing	277	415	315	350	338	9,431	10,016	10,058	9,348	11,609
D. Electricity, Gas, Steam and Air Conditioning	73	134	204	202	278	4,184	4,401	4,769	5,358	5,397
E. Water, Sewerage and Waste,	90	87	101	113	138	3,275	2,630	2,466	2,536	3,138
F. Construction	193	100	37	43	48	3,847	3,285	3,434	3,018	3,748
G. Wholesale and Retail Trade, Repairs	188	357	312	419	471	7,571	7,471	7,798	7,420	8,510
H. Transport and Storage	81	95	242	307	142	3,578	3,205	4,385	3,927	5,435
I. Accomodation and Food	38	111	129	90	79	1,893	1,916	1,933	1,780	2,211
J. Information and Communication	730	715	719	865	746	6,465	6,642	6,745	6,482	6,825
K. Financial and Insurance	970	1,004	1,098	747	738	9,126	8,738	8,402	6,293	6,520
L. Real Estate	9	15	15	12	25	568	500	525	533	636
M. Professional, Scientific and Technical	543	747	692	949	929	3,161	3,194	3,720	3,747	4,484
N. Admin and Support Services: O. Public Admin, Defence and Social Services	476	955	827	934	902	6,889	7,428	8,270	7,629	8,246
P. Education	1	5	3	3	3	210	212	174	169	229
Q. Health and Social Work	6	7	12	13	10	515	577	684	626	766
R. Arts, Entertainment and Recreation	9	12	9	12	23	774	744	810	729	899
S. Other services activities; T. Households; U. Overseas	27	29	24	19	23	696	683	835	642	741
Unclassified	457	736	481	501	318	3,385	3,672	3,371	2,783	2,735
All industries	9,139	10,509	10,861	11,319	11,527	76,339	75,219	81,586	78,195	91,263

Updated August 2015

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

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

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

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

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

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

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

The next scheduled release is in August 2016, which will show Corporation Tax, Capital allowances due, by industry, to 2014-2015

Annex A: Data sources and Methodology

Data sources

Receipts

The data for Corporation Tax receipts and Bank Levy receipts (table 11.1A) comes from postings recorded on the HMRC COTAX administrative system for 100 per cent of companies. These are downloaded every night into databases for analysis the following day.

Liabilities

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

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

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

For years shown from 2005-06 onwards, data from 100 per cent of companies is used. The available data for each company is as recorded on the Company Tax Return (CT600) form, including any modifications or additions made in subsequent assessments. The CT600 form contains a systematic record of the company’s Corporation Tax calculations, starting with its income and chargeable gains and taking into account any relevant deductions and reliefs.

Checks carried out on the data include the following:

- COTAX detects calculation errors in the tax return and displays messages on the screen.
- Further automated checks take place when loading data into the analysis database. Inconsistencies are automatically ‘repaired’ if possible; otherwise the record is flagged as invalid.
- Analysts check that the number of records loaded into the analysis database is as expected.

- Reports are run showing the cases with the largest profits and losses. These are examined individually. Records deemed to be incorrect are adjusted in the analysis database.
- Any large changes in receipts or liabilities figures from one statistical release to the next are investigated.
- Total Corporation Tax receipts figures are checked for consistency with the latest HMRC financial outturn position.

A large company may trade at many different locations throughout the UK. However, its Corporation Tax return will be made on behalf of the whole company and linked to its registered office address. A geographical breakdown would show all the company's profits and tax liability as originating at the location of the registered office, which does not reflect the company's actual business activities. Therefore, Corporation Tax National Statistics are only produced at national level. Statistics showing sub-national breakdowns of tax receipts were published for the first time in 2013 and can be found at the following link: https://www.gov.uk/government/publications/disaggregation-of-hmrc-tax-receipts.

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

Methodology

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

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

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

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

- revisions to the assessment, for example to carry back losses from later years, or because of an HMRC enquiry
- amendments to correct errors in the original assessment

- late submission of the company's tax return, replacing the imputed figures in the previous release of the statistics

For the calculations necessary to show the profits breakdown by small profits rate, marginal small profits rate and main rate in table 11.3, an average effective tax rate is calculated for each company. This includes companies whose accounting period spans two financial years and/or whose accounting practices mean they can charge certain parts of their activity at the 20 per cent rate. This calculation is undertaken as part of the database production process by dividing the tax by the profits chargeable across the full company. This effective tax rate is used to classify companies by CT rate, resulting in some companies being counted as 'small profits rate' on average even if some parts of their activity would be taxed at the higher rate.

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

Potential sources of error

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

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

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

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

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

Annex B: Glossary

Accounting Period

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

Advance Corporation Tax (ACT)

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

Capital Allowances

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

Chargeable Gains

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

Company Tax Return

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

COTAX

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

CT Liabilities

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

CT Receipts

The amount of Corporation Tax collected by HMRC.

Main Rate

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

Mainstream Corporation Tax (MCT)

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

Marginal Relief (previously known as Marginal Small Companies Relief)

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

Quarterly Instalment Payments (QIPs)

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

Set-offs

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

Small Companies' Rate (SCR)

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

Small Profits Rate (SPR)

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

Starting Rate

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

Summary Trade Classification (STC)

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

Trust Statement

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

Annex C: The 2013-14 Corporation Tax rate structure

Corporation Tax payable under marginal relief: calculated example.

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

Marginal relief is calculated using the standard fraction, which for 2013-14 was 3/400.

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

Corporation Tax = 23% x £500,000 = £115,000.

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

Marginal relief = (Upper limit – Profits) x Standard Fraction
= (£1,500,000 - £500,000) x 3/400 = £7,500

So, Corporation Tax payable = £115,000 – £7,500 = £107,500.

An alternative way to calculate this is to consider the first £300,000 to be taxable at the small profits rate (20%), and the remaining £200,000 to be taxable at the marginal rate of £23.75%.

Corporation Tax payable = (£300,000 x 20%) + (£200,000 x 23.75%)
= £60,000 + £47,500 = £107,500.

This is equivalent to paying at 20% on the first £300,000 and at 23.75% on the remainder, so that by £1.5 million they are paying at an average rate of 23% (the current main rate of Corporation Tax).

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