
CORPORATION TAX MAIN RATES

Who is likely to be affected?

1. Companies with profits above the upper relevant maximum amount (URMA) (currently £1.5 million), companies that are part of a group with profits above the URMA, and companies with profits from oil extraction and oil rights in the UK and the UK Continental Shelf ('ring fence profits').

General description of the measure

2. Legislation will be introduced in Finance Bill 2009 to set the main rate of corporation tax (CT) at 28 per cent on and after 1 April 2010.
3. The main rate of CT for companies' ring fence profits will remain at 30 per cent on and after 1 April 2010.

Operative date

4. These rates will have effect on and after 1 April 2010.

Current law and proposed revisions

5. The various CT rates are legislated annually in the Finance Act (FA). The current provisions for the charge of CT can be found at sections 6 and 7 of FA 2008.
6. Where companies have profits of more than £1.5 million, the whole of those profits are chargeable to the main rate of corporation tax. Section 6 of FA 2008 sets the main rate at 28 per cent for companies with profits other than ring fence profits and at 30 per cent for companies with ring-fence profits.
7. The main rate of CT will remain at 28 per cent and the main rate of CT for ring fence profits will remain at 30 per cent.

Further advice

8. If you have any questions about this measure, please contact your local HMRC office. Information about Budget measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk