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Corporation Tax Statistics



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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 the corporation tax receipts and corporation tax liability by number, income, allowances, deductions, company sector and financial year. All statistics relate to the UK. No sub-national geographic breakdowns are available. Broad industry sector breakdowns are included in this publication.

New or updated statistics in this release

All the tables remain the same in this release. The primary purpose of this interim release is to expand the Industry breakdown part of Section 5 and add Annex D. This annex previously existed separately as Table D on the website but has now been expanded to include information on how the industrial classifications used in the statistical tables relate to both SIC2003 and SIC2007.

A link to the summary of the findings of the user consultation on Corporation Tax National Statistics which ended on 14th September 2011 and was published in December 2011 is also provided in Section 1 of this release.

These statistics have recently 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. The amendments made to this issue of Corporation Tax Statistics are intended to address UKSA's requirement that the publication should provide more information about the Summary Trade Classification (STC) used in the industry breakdowns. Moreover, as requested by UKSA, HMRC is currently investigating the feasibility of publishing analysis based on the Standard Industrial Classification (SIC). Further details will be provided along with the next release of Corporation Tax Statistics.

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 HMRC's 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 (OBR), 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 would be of use 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. Users interested in the spread of corporation tax liabilities across taxpayer profits may also be interested in these tables.

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 10 per cent of the Government's total receipts.

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 April to March; where an accounting period straddles 31 March the profits are apportioned between the two financial years on a time basis.

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 their taxable profits, wherever in the world those 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 2 of this document.

Tax rates

The current and historic rates of corporation tax are shown in the [Table A.6](#).

Recent changes to corporation tax

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.

User engagement

We are committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so we can improve our official statistics and identify gaps in the statistics that we produce. 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 below. 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.

<http://www.hmrc.gov.uk/stats/user-engagement.htm>

We have recently conducted a formal user consultation on Corporation Tax National Statistics which ended on 14th September 2011. A summary of the findings can be found using this link.

<http://www.hmrc.gov.uk/stats/survey-ct-natstats.pdf>

If you would like to be involved in future consultations about Corporation Tax National Statistics, please go to the survey at the following link, where you will be able to enter your contact details:

<https://www.surveymonkey.com/s/dbtsurvey1>

Publication and revision strategy

Table 11.1A on corporation tax receipts is to be published annually, normally in the summer, once final receipts figures for the previous financial year are available. Tables T11.1B to T11.10 on corporation tax liabilities are also published annually but at the end of October. The next scheduled release date is summer 2012 when receipts statistics for 2011-12 will be included for the first time. In these receipts statistics, the splits between sectors for the latest three years – but not the overall totals – are subject to revision as the allocation of payments across company groups is finalised. In the following scheduled release date of October 2012 liabilities statistics for 2010-11 will be included for the first time. In these liabilities statistics, 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 statisticians responsible for these statistics:

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SECTION 2: Summary of key statistics

This section gives an overview of the statistics and ends with a brief discussion of factors which influence the amount of corporation tax paid.

Corporation tax 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 rose in 2010-11 by 18% to £42.1 billion (Table 11.1A). Receipts from the Financial and North Sea sectors grew at the fastest rate, increasing by 35% and 32% respectively.

Chart 1: Corporation Tax net receipts, by sector, 2000-01 to 2010-11 (£ billions)

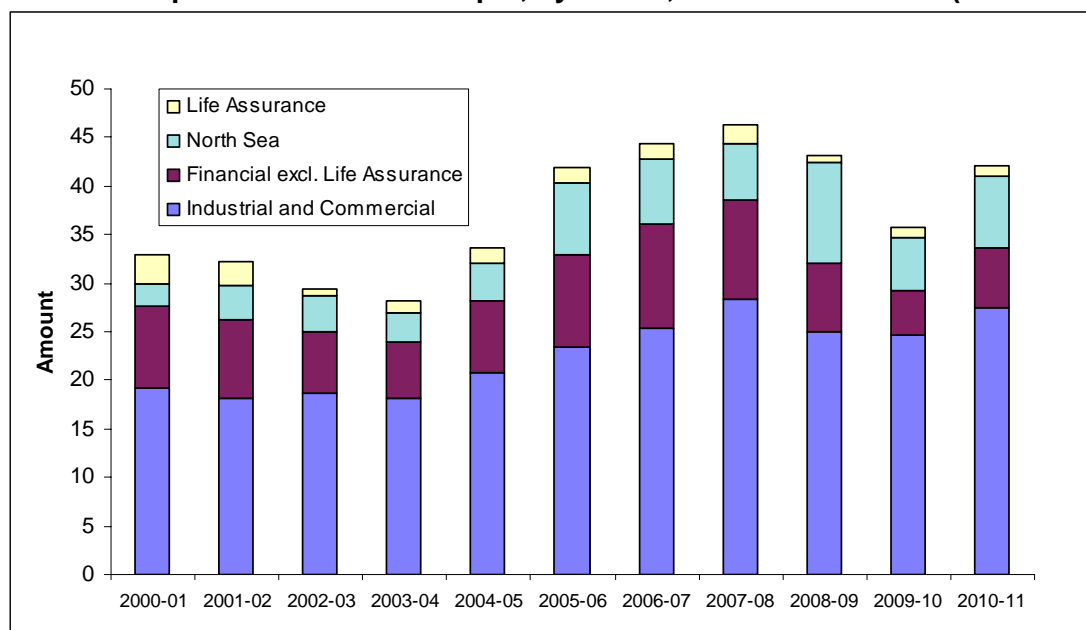


Chart 1 shows the changes in net CT receipts in the period from 2000-01 to 2010-11. Total CT receipts fell to £28.1 billion in 2003-04 before rising sharply in the following years to reach £46.4 billion in 2007-08. The global financial crisis in 2008 and associated economic downturn led to another fall in receipts, but receipts increased again in 2010-11.

The Industrial and Commercial sector has the highest level of CT receipts, on average accounting for 61% of total CT receipts during this period. Since 2008-09, North Sea companies have overtaken the Financial sector to become the second largest contributor. This reflects the rise in oil prices in 2008-09 and the effects of the economic downturn on the Financial sector.

Corporation tax liabilities

Liabilities are the amounts of corporation tax due for companies' accounting periods ending in a given financial year. The headline statistics for corporation tax liabilities are:

- Total CT liabilities fell by 8% from £42.6 billion in 2008-09 to £39.0 billion in 2009-10, the latest year for which figures are available (Table 11.1B). CT liabilities from North Sea oil companies fell by 48% to £5.4 billion in 2009-10, as oil prices dropped back from their previous highs. Liabilities from the Industrial and Commercial sector remained stable at £25.3 billion. In the Financial and Life Assurance sectors, liabilities increased by 16% and 50% respectively, as the economic conditions affecting these sectors improved. However, these rises were not sufficient to offset the drop in liabilities from the North Sea oil companies.

Chart 2: Corporation Tax liabilities, by sector, 1998-99 to 2009-10 (£ billions)

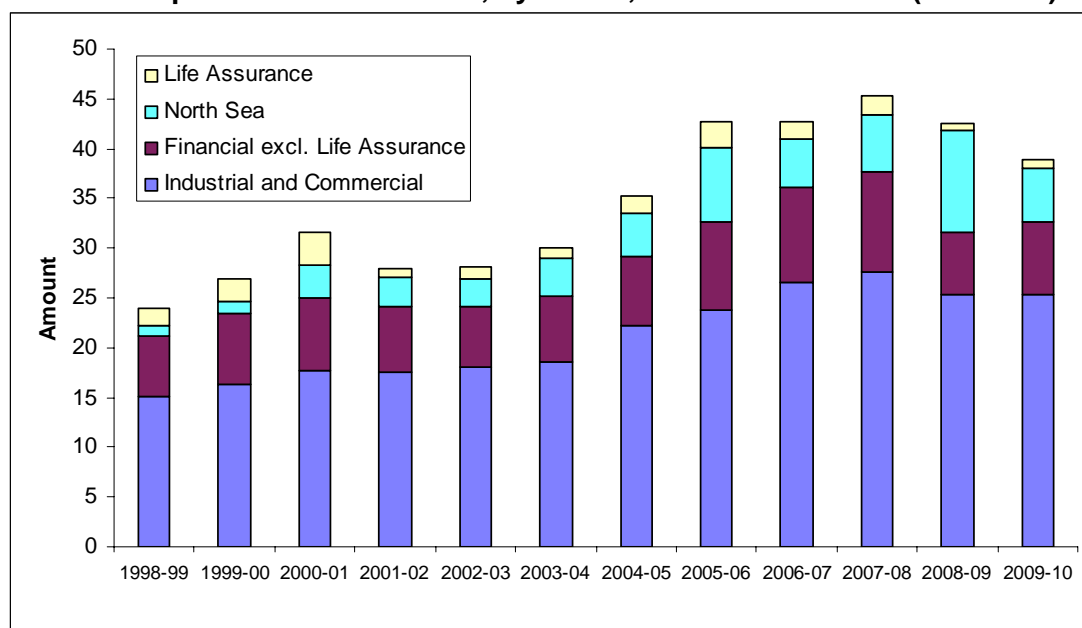


Chart 2 shows the changes in CT liabilities in the period from 1998-99 to 2009-10. Total CT liabilities rose between 1998-99 and 2000-01, but fell in 2001-02 and remained at a similar level in the following year. From 2003-04 CT liabilities started to increase again, reaching a peak in 2007-08 before falling in 2008-09 as the economic situation worsened. CT liabilities continued to fall in 2009-10 as described above.

The Industrial and Commercial sector has the highest CT liability, on average accounting for 61% of the total liability during this period. The Financial sector has generally been the second largest contributor, except in 2008-09 when it was overtaken by the North Sea oil companies.

Chart 3: Corporation Tax liabilities by industry, 2008-09 and 2009-10 (£ billions)

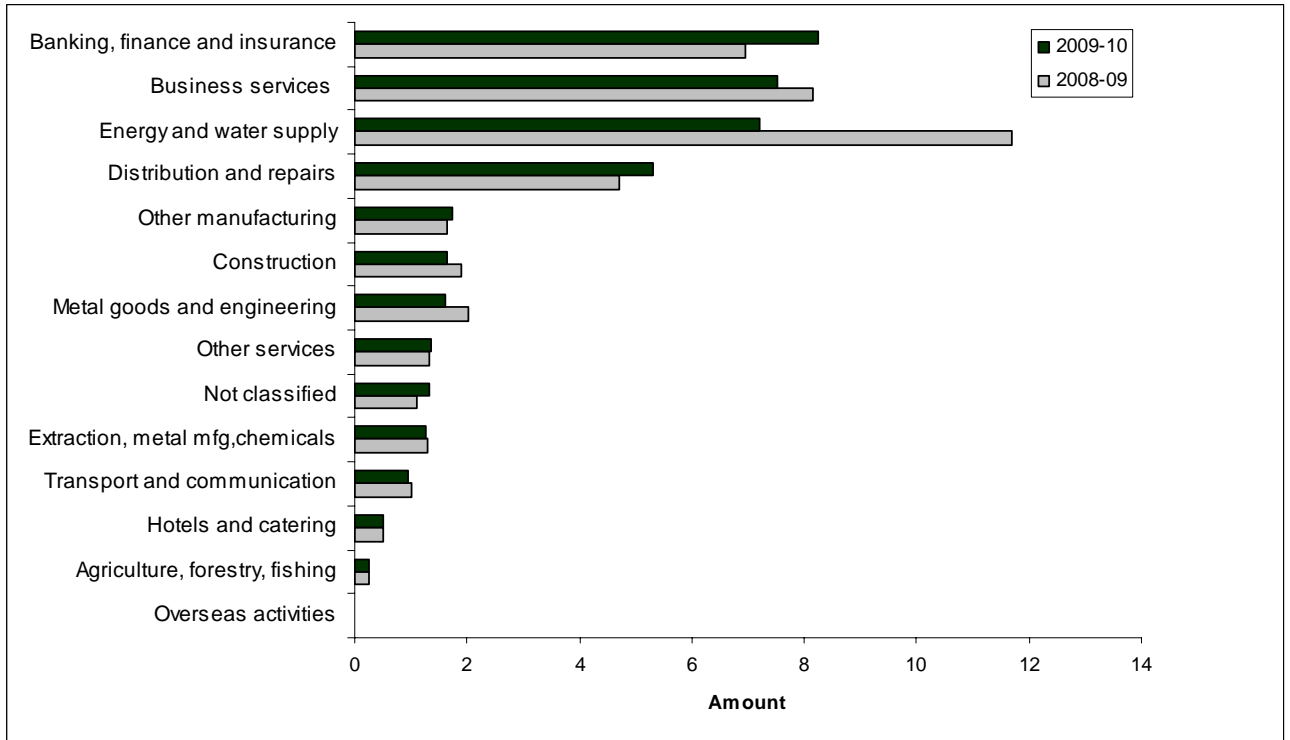


Chart 3 shows a breakdown of CT liabilities by broad industry groups for 2008-09 and 2009-10 (Table 11.7). In 2008-09, 'Energy and water supply' had the largest liability, followed by 'Business services' and 'Banking, finance and insurance'. In 2009-10 these positions were reversed, with 'Banking, finance and insurance' having the largest CT liability, £8.3 billion. This reflects the fall in CT from North Sea oil companies and the improved conditions in the Financial sector, as discussed above.

Factors influencing corporation tax liabilities and receipts

Changes in corporation tax rates and related policies affect the amount of CT that companies are liable to pay. The main rate of corporation tax was reduced from 30 per cent to 28 per cent in the 2008 Budget, and again to 26 per cent in the 2011 Budget. Costings are published at each Budget, indicating the estimated impact of each tax policy change. The policy costings document for the 2011 Budget can be found on the HM Treasury website:

http://www.hm-treasury.gov.uk/d/2011budget_policycostings.pdf

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.

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.

SECTION 3: Key features of corporation tax

This section explains some key features of Corporation Tax which 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 the [Table TA.5](#)). 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 which 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

which makes a trading loss can surrender that loss as group relief to set against the profits of an equivalent accounting period of another group member. Assets can be transferred between group members without giving rise to a chargeable gain at the time of transfer.

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 [Table A.6](#)). 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.

Small companies have to pay corporation tax within 9 months and a day of the accounting period end date. Large 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. Groups can set up Group Payment Arrangements whereby one nominated company makes instalment payments on behalf of the group.

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

The following table summarises 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%).
1993	Corporation Tax Pay and File system introduced.
1997	Tax credits on dividends abolished.
1999	ACT abolished. Corporation Tax Self Assessment introduced. Quarterly instalment payments (QIPs) introduced for large companies.
2000	Starting Rate of 10% introduced.
2002	Starting Rate cut to zero. SCR reduced from 20% to 19%.
2004	Non-Corporate Distributions Rate (NCDR) introduced on profits distributed to "persons who are not companies".
2006	Starting Rate and NCDR replaced by a single rate set at the SCR.
2007	SCR raised from 19% to 20%.
2008	Main Rate reduced from 30% to 28%. SCR raised from 20% to 21%.
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.

Companies have been charged to corporation tax since 1965. Before that they were liable to income tax on their total income and also to profits tax. The system introduced in 1965 charged a uniform rate on all profits and an additional charge to income tax was made when profits were distributed.

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 which 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 which, 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 which 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 which 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 the 2005 Pre-Budget Report, the NCDR and zero per cent rates were replaced with a single rate set at the small companies' rate.

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.

SECTION 4: Corporation tax receipts

Table

11.1A Corporation Tax net receipts 1998-99 to 2010-11

Background

This table 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 (OBR) was formed they became responsible for publishing Corporation Tax forecasts. This table will now be published annually in the summer.

In previous releases, there was a single Table 11.1 which contained information on both receipts and liabilities. To make the presentation clearer for users, this release splits this information into separate tables 11.1A and 11.1B.

Table 11.1A shows a broad industry sector split of receipts from 2000-01 onwards. The splits between sectors for the latest three years – but not the overall totals – are subject to revision due to information on the allocation of payments across groups with North Sea oil ring fenced companies being finalised. The receipts data is aggregated by financial year.

Table 11.1A Corporation Tax net receipts, 1998-99 to 2010-11

Background:

Table 11.1A depicts net receipts of CT in each financial year (net meaning after taking account of repayments).

Accounting data forms the basis of the receipts statistics. It is subject to revision following the end of the financial year when an annual reconciliation of the receipts recorded by each head of duty (i.e. each tax) takes place every summer to derive final figures for publication in HMRC's annual Trust Statement. The bottom row of figures in the table of total CT net receipts is also shown in the main HMRC table of receipts, available on HMRC's National Statistics website. http://www.hmrc.gov.uk/stats/tax_receipts/tax-nic-receipts-info-analysis.pdf

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

In 1999, there were major changes to the way in which CT payments were made. For accounting periods 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 corporation tax (CT) net receipts (after tax credits given as enhanced relief) fell from £46.4 billion in 2007-08 to £43.1 billion in 2008-09, a decrease of 7%. This was followed by a further fall of 17% to £35.8 billion in 2009-10 as the continuing effects of the economic crisis were felt. Subsequently, there was a rise of 18% to £42.1 billion in 2010-11. Receipts from the Financial sector and North Sea oil companies grew at the fastest rate.
2. CT receipts from North Sea oil companies rose by 81% from £5.7 billion in 2007-08 to £10.4 billion in 2008-09, before falling back by 46% to £5.6 billion in 2009-10 as oil prices dropped back from their previous highs. Receipts have since risen by 32% to £7.3 billion in 2010-11 as oil prices increased.
3. The total net CT receipts in 2010-11 stood at £42.1 billion. This figure is net of around £900 million of tax credits, which were given as enhanced relief.

Corporation tax net receipts

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 ¹	2009-10 ¹	2010-11 ¹
Onshore companies - net receipts excluding ACT													
By type of payment:													
Mainstream corporation tax	18,024	19,448	-208	-1,766	-1,574	-1,430	-872	-595	-380	230	-71	156	24
Quarterly Instalment regime payments	54	11,989	26,316	24,765	20,943	19,627	22,680	26,005	27,755	28,572	20,795	18,563	23,189
Non-Quarterly Instalment regime payments	..	..	4,433	5,716	6,416	6,894	7,967	9,196	10,228	11,854	12,003	11,522	11,580
Total	18,078	31,437	30,541	28,715	25,785	25,091	29,775	34,606	37,603	40,656	32,727	30,241	34,793
By industrial sector:													
Manufacturing	..	..	5,529	5,077	4,220	3,664	4,646	4,822	4,587	4,435	3,734	4,541	5,398
Distribution	..	..	3,942	3,976	4,461	4,559	4,475	4,279	5,098	5,701	4,904	4,798	5,683
Other industrial and commercial ²	..	..	9,769	9,146	9,906	9,855	11,732	14,300	15,741	18,130	16,432	15,278	16,464
Financial excluding life assurance	..	..	8,445	8,094	6,409	5,844	7,282	9,543	10,733	10,293	6,956	4,566	6,159
Life assurance	..	..	2,856	2,422	789	1,169	1,640	1,662	1,444	2,097	701	1,058	1,089
Total	18,078	31,437	30,541	28,715	25,785	25,091	29,775	34,606	37,603	40,656	32,727	30,241	34,793
North Sea companies - net receipts excluding ACT													
Mainstream corporation tax	950	578	-65	92	-5	-69	-60	-53	-39	4	-16	-10	35
Quarterly instalments and balancing payments ³	..	570	2,394	3,423	3,667	3,126	3,891	7,360	6,748	5,724	10,374	5,578	7,293
Total	950	1,148	2,329	3,515	3,662	3,057	3,831	7,307	6,709	5,728	10,358	5,568	7,328
Advance corporation tax - net receipts⁴	11,004	1,737	-449	-189	-179	-71	-33	-84	-4	-1	-8	-4	..
Total net receipts of corporation tax⁵	30,032	34,322	32,421	32,041	29,268	28,077	33,573	41,829	44,308	46,383	43,077	35,805	42,121

¹ For 2008-09 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.

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 £270 million in 2002-03, £740 million in 2003-04, £990 million in 2004-05, £1,880 million in 2005-06, £2,750 million in 2006-07, £2,350 million in 2007-08, £4,250 million in 2008-09, £2,280 million in 2009-10 and £3,000 million in 2010-11.

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 net of tax credits given as enhanced relief. The amounts are £250 million in 2002-03, £400 million in 2003-04, £450 million in 2004-05, £500 million in 2005-06, £550 million in 2006-07, £650 million in 2007-08, £850 million in 2008-09, £850 million in 2009-10 and £900 million in 2010-11.

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SECTION 5: Corporation tax liabilities

Tables

- 11.1B** Corporation Tax liabilities 1998-99 to 2009-10
- 11.2** Income, allowances, deductions and tax liabilities by company sector, 2004-05 to 2009-10
- 11.3** Corporate income, allowances, and tax liabilities, 2002-03 to 2009-10.
- 11.4** Computation of corporation tax liability by industry for 2008-09.
- 11.5** Computation of corporation tax liability by industry for 2009-10
- 11.6** Corporation tax payable by size of liabilities, 2005-06 to 2009-10.
- 11.7** Corporation tax payable by sector, 2005-06 to 2009-10.
- 11.8** Comparison of corporation tax liabilities between 2008-09 and 2009-10.
- 11.9** Annual summary of capital allowance claims.
- 11.10** Sectoral and asset breakdown of capital allowance claims.

Background

The tables are released and updated annually. They concern where and how corporation tax liabilities have arisen rather than how and when CT is paid. They are compiled from a stratified sample of corporation tax returns and assessments, in which large companies are represented fully. Statistical imputation and grossing techniques are used to ensure that the estimates published are representative of the entire population.

Corporation tax returns are put into financial years according to the end date of the accounting period. For large companies these end dates are typically 31st December or 31st 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. For this October 2011 release the most recent available estimates are for 2009-10.

Estimates for 2010-11 will not be available until autumn 2012 and for 2011-12 not for a year after that. However, at the time of publication (October 2011), large companies will already have finished making instalment payments of corporation tax for 2010-11, and begun making payments for 2011-12.

Tables 11.1B and 11.2 have historically been updated and released bi-annually after the published Corporation Tax (CT) forecasts in the autumn and spring. Previously they have included forecasts of Corporation Tax liabilities, but when the Office for Budget Responsibility (OBR) was formed they became responsible for publishing Corporation Tax forecasts. From this release onwards (October

2011), these tables will be published annually to coincide with the annual updates to the other tables covering Corporation Tax liabilities, 11.3 to 11.10. This brings forward the timing for users of the previously published December release (in line with the National Statistics Code of Practice of ensuring timely release of statistics). It also means that the figures in tables 11.1B and 11.2 are on exactly the same basis as the other liabilities tables. The change to a co-ordinated annual publication of all these tables followed a user consultation survey which took place over the summer of 2011.

Industry breakdown

Tables 11.4, 11.5, 11.7 and 11.10 include breakdowns by industry groups, e.g. 'Agriculture, forestry, fishing' and 'Banking, finance and insurance'. HMRC classifies companies by industry using Summary Trade Classification (STC) codes. The codes are based on the Standard Industrial Classification, SIC(92), and have been encoded by HMRC staff on the basis of information supplied by taxpayers. These STC codes are then amalgamated into broader industry groups for use in the statistical tables. A mapping from STC codes to industry groups is given in Annex D. This also includes an approximate mapping of these STC codes to the two digit divisions of both the Standard Industrial Classifications SIC2003 and SIC2007 which are more widely used across official statistics. Unfortunately in several instances these mappings are not exact with some of the SIC2003 and SIC2007 divisions appearing in two or more of the STC groupings. Additionally a link is provided here to the Office for National Statistics (ONS) which provides further information on SIC2007 including the correlation between SIC2003 and SIC2007.

<http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

HMRC is currently investigating the feasibility of using SIC2007 in place of STC codes in the relevant tables in this document.

Table 11.1B Corporation Tax liabilities, 1998-99 to 2009-10

Table 11.1B provides estimates of CT liabilities for accounting periods ending in each financial year. These estimates relate to tax accruing on profits earned in the financial year shown.

In previous releases, there was a single Table 11.1 which contained information on both receipts and liabilities. To make the presentation clearer for users, this release splits this information into separate tables 11.1A and 11.1B.

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

Key points:

1. These tax liabilities figures are based on corporation tax returns and assessments data.
2. CT liabilities from onshore companies (i.e. excluding North Sea oil) fell from around £39.6 billion in 2007-08 to around £32.3 billion in 2008-09, a decrease of 19%. The largest percentage reductions were in the financial and life assurance sectors which fell by 38% and 64% respectively, reflecting the effects of the global financial crisis in 2008 and the associated economic downturn. Since then, total onshore liabilities increased slightly to £33.6 billion in 2009-10, an increase of 4%.
3. CT liabilities from North Sea oil companies rose sharply from £5.7 billion in 2007-08 to £10.3 billion in 2008-09, an increase of 81%, mainly reflecting high oil and gas prices at the time. Since then, they have fallen to £5.4 billion in 2009-10, a decrease of 48% reflecting the subsequent reduction in oil prices.
4. Total CT liabilities fell by 6% from £45.3 billion in 2007-08 to £42.6 billion in 2008-09. Since then, total liabilities have fallen further by 8% to £39.0 billion in 2009-10. The increase in CT liabilities from the North Sea companies helped to offset the drop in CT from onshore companies in 2008-09, but whilst onshore liabilities increased in 2009-10, those from North Sea companies declined by a larger degree, thus causing the overall fall in total liabilities in that year.

T11.1B Corporation tax

Corporation tax liabilities 1998-99 to 2009-10¹

Amounts: £ million

Corporation tax liabilities After ACT set off ²	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Onshore companies												
Industrial and commercial ³	15,105	16,249	17,630	17,545	18,142	18,648	22,226	23,807	26,606	27,586	25,311	25,332
Financial excluding life assurance	6,035	7,205	7,436	6,518	6,014	6,465	6,988	8,917	9,473	10,173	6,268	7,241
Life assurance	1,755	2,131	3,312	869	1,211	1,077	1,741	2,711	1,714	1,869	677	1,017
Total	22,895	25,585	28,378	24,932	25,367	26,190	30,955	35,435	37,793	39,628	32,256	33,590
North Sea companies	1,040	1,258	3,180	3,080	2,810	3,860	4,332	7,336	4,929	5,698	10,313	5,383
Total liabilities of corporation tax (after ACT set off)	23,935	26,843	31,558	28,012	28,177	30,050	35,287	42,771	42,722	45,326	42,569	38,973

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

² See Table T11.2 for details of ACT set off, which reduced substantially following the abolition of ACT on dividends.

³ Including overseas companies.

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Table 11.2: Income, allowances, deductions and tax liabilities by company sector, 2004-05 to 2009-10

Background:

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 CT liabilities for the two main company sectors.

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 [Table TA.5](#), 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 CT.

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 companies rate (or the starting rate which 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 T11.1A above), double taxation relief (which allows for tax companies may have already paid on overseas profits in the countries where those profits were earned), and other minor adjustments.

Note that the liabilities figures here are consistent with those in Table T11.1B, though T11.1B includes small amounts of overseas company liabilities with industrial and commercial. However, there is a major difference in coverage with subsequent tables as these include North Sea companies which are excluded here.

Key points:

1. Corporation tax liabilities, after the deduction of set-offs, are estimated to have increased by £3.1 billion between 2004-05 (£22.2 billion) and 2009-10 (£25.3 billion) for industrial and commercial companies (excluding North Sea oil companies), and to have increased by £0.3 billion for financial companies (excluding life assurance) over the same period (£7.0 billion in 2004-05 and £7.2 billion in 2009-10). The general trend in both sectors had been upwards to 2007-08 before decreasing in 2008-09, and then increasing somewhat (particularly for financial companies) in 2009-10.
2. CT liabilities for industrial and commercial companies (excluding North Sea oil) fell by 8% to £25.3 billion in 2008-09 from £27.6 billion in 2007-08. Chargeable profits for these companies actually rose by 2%; however, this was outweighed mainly by the effect of the reduction in the CT main rate from 30 per cent to 28 per cent. In the same year, CT liabilities for financial companies (excluding life assurance) decreased by 38% to £6.3 billion from £10.2 billion. Again, part of this decrease was due to the reduction in the CT main rate, but the significant drop for financial companies in 2008-09 mainly reflected the effects of the economic crisis that occurred during the autumn of that year. In 2009-10, there was a very slight increase in liabilities for industrial and commercial companies, whilst those for financial companies increased by almost £1.0 billion to £7.2 billion.
3. 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.
4. Most figures in Table 11.2 have changed since the last update in June 2011. This is partly due to changes in the underlying tax return and assessment data. The enhancements to the methodology for North Sea oil companies mentioned above and improved presentation of the figures for small companies are the other factors causing figures to be amended.
5. The figures in the first two rows of the second part of the table 11.2 (the rows titled 'Charge to corporation tax' and 'Marginal Small Companies Relief') have been amended. This is essentially an improvement to the presentation. Previously when a company was charged tax at the small companies rate (or the starting rate) a charge at the main rate of CT was included in the first row and a deduction was added in the second row equal to the difference between the main rate and the actual rate. For such companies, the table now includes the corporation charge at the

small companies rate (or starting rate) in the first row. The revised second row of the table has been renamed from earlier editions to reflect the fact that it now contains only amounts relating to 'Marginal Small Companies Relief'. (It also includes a small element of marginal starting rate relief in the years up to 2005-06.) This change has no effect on the overall liabilities reported.

6. Outside of the rows for small companies, the largest factor behind most of the amendments is an improvement to methodology for allocating the profits and liabilities of North Sea oil ring fenced activity between categories.
7. Overall for the years 2004-05 to 2008-09, the total corporation liabilities shown in the table (final row) have been amended downwards by £37 million; £184 million; £50 million; £123 million; and £276 million across these years for Industrial and commercial companies (excluding North Sea). For financial companies (excluding life assurance) the total liabilities have been revised upwards by £34 million; £98 million; £128 million; £75 million; £57 million for the years in question.

T11.2 Corporation tax

Income, allowances, deductions and tax liabilities by company sector, 2004-05 to 2009-10¹

Amounts: £ million

	Industrial and commercial companies excluding overseas and North Sea oil companies						Financial companies excluding life assurance					
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Gross taxable trading profits	160,865	169,966	186,832	196,512	197,284	200,338	45,863	54,086	57,338	56,497	55,021	61,852
Capital allowances (less balancing charges) offset against trading profits	40,915	41,040	42,341	45,220	39,230	44,999	7,701	7,360	7,740	5,947	4,200	4,749
Trading losses from previous years offset against this year's trading profits	9,328	10,023	12,203	9,588	9,272	10,231	2,361	3,261	3,416	1,701	9,359	13,257
Other taxable income and net capital gains	96,356	110,356	131,218	133,728	147,140	94,986	29,240	34,989	46,582	54,097	60,401	42,823
Trading losses offset against other income	7,594	7,828	10,531	14,704	13,588	8,022	1,140	1,859	4,219	5,862	3,062	1,529
Charges paid and offset against profits	1,418	1,581	1,545	1,600	1,447	1,317	130	270	428	509	712	161
Group relief received	59,104	65,120	74,473	92,461	106,857	79,456	21,841	27,014	32,276	40,826	52,946	39,944
Other deductions	17,824	18,676	20,986	19,462	23,344	20,255	9,120	9,727	10,078	9,058	9,878	9,007
Profits chargeable to corporation tax	121,038	136,054	155,971	147,205	150,686	131,044	32,810	39,584	45,763	46,691	35,265	36,028
Charge to corporation tax	33,316	37,577	43,379	40,719	40,382	34,475	9,727	11,752	13,613	13,900	9,813	9,852
Marginal Small Companies Relief	668	650	639	580	417	336	23	26	25	23	15	13
Advance corporation tax set off	132	61	85	138	21	16	6	3	1	5	0	0
Double taxation relief	10,248	13,068	16,001	12,512	14,788	8,927	2,645	2,626	3,922	3,609	3,325	2,406
Income tax set off and other non-standard reductions	47	-6	54	-90	-143	-127	64	179	192	90	205	191
Corporation tax liabilities (after ACT set off)	22,221	23,804	26,601	27,580	25,299	25,324	6,988	8,917	9,473	10,173	6,268	7,241

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

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Table 11.3 Corporate income, allowances and tax liabilities, 2002-03 to 2009-10

This table provides a summary of corporate income and corporation tax liabilities from 2002-03 to 2009-10.

Key points:

1. For accounting periods ending in 2009-10, 892 thousand profit making companies had total chargeable profits of £185.5 billion, a decrease in profits of 14% on the previous year. Net trading profits (after capital allowances) fell by 3% whilst non-trading income and gains fell by 30% largely due to drops in Case III and Case V income. Case III income is net income from 'loan relationship' receipts of interest (less certain payments of interest). Case V income is income from abroad and mainly represents dividends received from overseas subsidiaries. Allowable deductions set against profits decreased by 18%.
2. About 73% of the total chargeable profits in 2009-10 (attributable to around 40 thousand companies) were taxed at the 28% main rate of corporation tax. The remaining 852 thousand companies either received marginal relief against their main rate liability or were taxed at the 21% small companies' rate of CT.
3. 818 thousand companies fell into the 21% small companies' rate of CT and a further 34 thousand companies with profits above £300,000 were liable at 28% but got marginal small companies relief on a sliding scale according to how far below the £1,500,000 starting point for paying CT at the main rate their profits were.
4. Corporation tax of £51.5 billion was charged on the total chargeable profits of £185.5 billion, a decrease of 17% on 2008-09.
5. From the overall £51.5 billion corporation tax charge in 2009-10 about 7,800 of the typically very largest companies claimed £12.0 billion in 'Double tax relief' in respect of tax suffered abroad on income repatriated to the UK (comprising mainly dividends). This compares with relief of £19.1 billion in 2008-09.
6. An estimated 200 companies claimed deductions of advance corporation tax (ACT) totalling £17 million in 2009-10 compared with 400 companies claiming a similar amount in 2008-09. 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.
7. The number of companies claiming 'Other reliefs' has continued to fall to 35 thousand. The larger drops noticed earlier were due to the withdrawal of the starting rate of tax and hence any marginal tax relief which accompanied it.

8. The number of companies paying CT after 'Double tax relief', ACT and other reliefs and set-offs has risen to 882 thousand companies in 2009-10 an increase of 0.7% over the previous year. The CT payable fell from £42.6 billion in 2008-09 to £39.0 billion in 2009-10 a decrease of 8%.

T11.3 Corporation tax

Number, income, allowances, tax liabilities and deductions

Financial years 2002-03 to 2009-10 (1)

Numbers: actual; Amounts: £ millions

	2002-03		2003-04		2004-05		2005-06	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross trading profit	593,338	197,362	705,734	211,220	808,237	225,328	854,980	248,769
Capital allowances (2)	543,607	72,111	585,527	73,197	629,753	69,871	685,750	66,564
Net trading profits (4)	543,824	141,825	662,424	154,382	771,651	171,669	813,260	198,701
Other income & gains	424,614	88,304	520,127	122,998	600,668	141,026	658,174	166,054
Deductions allowed	280,599	107,266	290,781	112,554	313,752	139,191	341,871	156,332
Total chargeable profits	577,662	122,863	713,063	164,826	828,578	173,504	873,433	208,423
Rates at which profits charged:								
Main rate	33,669	90,591	37,775	129,166	39,836	129,151	43,790	156,610
Marginal small company rate	25,671	7,604	28,378	8,599	33,319	10,305	34,984	11,142
Small companies' rate	156,195	19,768	213,225	21,494	222,876	26,949	294,547	33,763
Marginal starting rate	180,016	4,053	205,528	4,588	262,357	6,001	247,777	5,850
Starting rate	182,111	847	228,157	979	270,190	1,098	252,335	1,058
Total tax charge (6)	577,662	34,554	713,063	47,218	828,578	49,342	873,433	59,968
Double tax relief	5,654	5,921	5,777	16,444	6,199	13,102	6,808	16,220
Act set-off	2,254	113	1,250	94	1,068	139	749	66
Income tax set-off	28,577	170	20,383	181	23,630	148	24,329	358
Other reliefs (3)	207,671	551	232,794	627	293,208	666	280,052	553
Corporation tax payable	508,317	27,799	479,905	29,872	602,301	35,287	665,878	42,771

	2006-07		2007-08		2008-09		2009-10 (5)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross trading profit	912,975	270,293	973,818	275,882	974,924	285,043	1,008,624	286,340
Capital allowances (2)	783,446	80,300	860,014	79,320	939,101	72,045	965,513	76,378
Net trading profits (4)	857,159	209,596	909,303	217,861	886,392	235,902	907,552	229,545
Other income & gains	699,305	193,545	756,395	210,369	785,671	224,524	663,010	156,391
Deductions allowed	411,014	182,019	458,078	210,919	489,752	245,762	445,014	200,400
Total chargeable profits	880,612	221,122	916,470	217,311	884,656	214,664	891,971	185,536
Rates at which profits charged:								
Main rate	46,386	168,553	47,305	158,436	45,711	161,079	39,821	134,914
Marginal small company rate	37,675	12,164	39,262	13,435	37,353	12,478	33,995	11,496
Small companies' rate	796,551	40,405	829,903	45,440	801,592	41,107	818,155	39,126
Marginal starting rate (7)	..	..	..	..	..	..	..	..
Starting rate (7)	..	..	..	..	..	..	..	..
Total tax charge (6)	880,612	64,161	916,470	62,968	884,656	62,279	891,971	51,506
Double tax relief	7,510	20,412	8,274	16,696	8,187	19,076	7,767	11,984
Act set-off	654	86	461	143	371	21	180	17
Income tax set-off	32,026	330	32,802	413	32,582	574	25,042	430
Other reliefs (3)	241,263	611	42,140	390	37,687	39	35,298	102
Corporation tax payable	861,067	42,722	904,729	45,326	875,873	42,569	881,838	38,973

(1) Figures correspond to company accounting periods ending in the financial years shown.

(2) Capital allowances less balancing charges.

(3) Reliefs not classified but mainly marginal small company relief.

(4) 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.

(5) Figures for the latest year are subject to the most change when the figures are next updated due to revisions in assessments.

(6) Includes supplementary charge on UK continental shelf profits of oil and gas companies.

(7) Starting rate of CT removed in April 2006.

(TABLES 11.3 – 11.5)

Notes on the Table

Computation of corporation tax liability

1. Tables T11.3, T11.4 and T11.5 are estimated from data for a stratified sample of companies but in which large companies are represented fully. The data collected come 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 2-digit Summary Trade Classification (STC) codes which are used by HMRC to classify businesses. The STC codes for grouping industry in the tables are shown in Table D.
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 purposes, a zero is included in the net trading profits column rather than a negative figure. Losses brought forward are not deducted in arriving at net trading profits. They and losses of the current period, so far as they are allowed, are included in "Deductions allowed".
4. In Table T11.4 and Table 11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains).

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The next update of these tables, with information for 2010-11, will be published in October 2012.

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Table 11.4 Computation of corporation tax liability by industry for 2008-09

This table provides a derivation of corporation tax liabilities for 2008-09 by broad industry group consistent with the aggregate figures shown in Table 11.3. Information about the industrial classification used (HMRC's Summary Trade Classification) can be found in Annex D.

Key points:

1. 'Energy, water supply', with income chargeable to tax in 2008-09 of £36 billion, had the largest corporation tax payable of any sector, of £11.7 billion.
2. 'Business services', which in 2008-09 had income chargeable to tax of £55 billion, had the second largest corporation tax payable, of £8.2 billion. This was ahead of 'Banking, finance and insurance' with corporation tax payable of £6.9 billion.
3. The largest sector by number in 2008-09 was 'Business services' with 535 thousand companies declaring either trading profits or other income. This is from a population of 1.2 million companies in a similar position.
4. The main element to 'Other reliefs' against tax is double taxation relief given when income that is taxed abroad is repatriated to the UK and subject to CT. It is most common in industries where UK tax resident multinationals are present such as in 'banking' (in respect of the earnings of overseas branches) and manufacturing.
5. Advance corporation tax (ACT) set-off in 2008-09 was £21 million.

T11.4

Corporation tax

Computation of liability: financial year 2008-09 ¹

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

Numbers: actual; Amounts: £ millions

Industry	Number of cases with trading profits and other income	Gross trading profits	Capital allowances ²	Net trading profits	Other income & gains	Deductions allowed	Income chargeable to tax	ACT set-off	Other reliefs set against tax	Tax payable
Agriculture, forestry, fishing	16,451	1,463	576	1,002	336	354	984	0	9	238
Energy, water supply	4,332	48,725	14,676	37,444	11,492	13,363	35,573	3	2,652	11,679
Extraction, metal mfg, chemicals	11,517	12,269	2,771	10,097	10,209	10,513	9,793	1	1,478	1,295
Metal goods and engineering	49,156	13,445	5,449	10,797	6,560	8,537	8,820	2	373	2,035
Other manufacturing	41,858	15,325	3,705	12,468	14,845	12,145	15,168	5	2,590	1,642
Construction	112,135	12,615	2,375	10,743	3,052	5,218	8,577	0	264	1,903
Distribution and repairs	124,876	32,507	7,696	26,686	8,869	13,590	21,965	3	1,260	4,714
Hotels and catering	34,831	4,549	1,878	3,128	2,134	3,285	1,977	0	16	506
Transport and communication	34,412	16,782	8,742	11,623	7,678	15,108	4,193	0	125	1,003
Banking, finance and insurance	41,126	57,039	7,681	52,924	75,534	88,386	40,072	0	3,942	6,945
Business services	534,540	52,479	12,288	43,310	66,811	55,038	55,083	4	6,330	8,169
Other services	92,187	10,626	2,494	9,202	4,239	7,766	5,675	0	125	1,323
Overseas activities	457	42	5	36	395	269	162	0	33	12
Not classified	151,244	7,177	1,709	6,442	12,370	12,190	6,622	3	492	1,105
All industries	1,249,122	285,043	72,045	235,902	224,524	245,762	214,664	21	19,689	42,569

¹ These figures relate to earnings in accounting periods ending in the financial year shown.

² Capital allowances less balancing charges.

(TABLES 11.3 – 11.5)

Notes on the Table

Computation of corporation tax liability

1. Tables T11.3, T11.4 and T11.5 are estimated from data for a stratified sample of companies but in which large companies are represented fully. The data collected come 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 2-digit Summary Trade Classification (STC) codes which are used by HMRC to classify businesses. The STC codes for grouping industry in the tables are shown in Table D.
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 purposes, a zero is included in the net trading profits column rather than a negative figure. Losses brought forward are not deducted in arriving at net trading profits. They and losses of the current period, so far as they are allowed, are included in "Deductions allowed".
4. In Table T11.4 and Table 11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains).

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Table 11.5 Computation of corporation tax liability by industry for 2009-10

This table provides a derivation of corporation tax liabilities for 2009-10 by broad industry group consistent with the aggregate figures shown in Table 11.3. Information about the industrial classification used (HMRC's Summary Trade Classification) can be found in Annex D.

Key points:

1. The 'Banking, finance and insurance' industries, with the largest income chargeable to tax of £41.6 billion, became the sector with the largest corporation tax payable in 2009-10 of £8.3 billion, an increase of £1.3 billion compared with 2008-09.
2. 'Business services' had the second largest corporation tax payable, of £7.5 billion. This represented a drop of £0.7 billion for this sector compared with 2008-09.
3. In terms of corporation tax payable the third largest sector was 'Energy, water supply' with corporation tax payable of £7.2 billion compared with £11.7 billion in 2008-09.
4. The 'Distribution and repairs' industries had corporation tax payable in 2009-10 of £5.3 billion an increase of £0.6 billion from the previous year.
5. 'Manufacturing' (overall) had corporation tax payable in 2009-10 of £4.6 billion, which was about £0.4 billion down on the previous year.
6. The largest sector by number in 2009-10 remained 'Business services' with 526 thousand companies having trading and other income from a total of about 1.3 million similarly profitable companies.
7. The total corporation tax payable for all industries was £39.0 billion, down from £42.6 billion in 2008-09.
8. Advance corporation tax (ACT) set-off in 2009-10 was £17 million.

T11.5

Corporation tax

Computation of liability: financial year 2009-10 ¹

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

Numbers: actual; Amounts: £ millions

Industry	Number of cases with trading profits and other income	Gross trading profits	Capital allowances ²	Net trading profits	Other income & gains	Deductions allowed	Income chargeable to tax	ACT set-off	Other reliefs set against tax	Tax payable
Agriculture, forestry, fishing	16,173	1,614	606	1,127	288	343	1,072	0	7	264
Energy, water supply	4,068	41,056	17,179	27,146	14,478	9,130	32,494	0	4,157	7,217
Extraction, metal mfg, chemicals	10,952	12,487	3,310	9,934	3,719	7,014	6,639	0	570	1,270
Metal goods and engineering	46,621	12,311	4,205	9,592	3,537	6,487	6,642	2	145	1,617
Other manufacturing	39,322	14,895	3,800	11,878	9,089	9,075	11,892	10	1,540	1,723
Construction	108,061	11,454	2,162	9,778	1,906	4,395	7,289	0	176	1,654
Distribution and repairs	119,403	35,386	8,476	28,303	6,525	12,262	22,566	1	781	5,300
Hotels and catering	34,048	4,394	1,696	3,183	2,023	3,000	2,206	1	62	515
Transport and communication	33,028	17,033	9,956	9,795	4,163	10,019	3,939	1	98	952
Banking, finance and insurance	40,067	65,558	7,583	60,823	60,348	79,594	41,577	0	2,867	8,256
Business services	526,191	49,913	12,970	40,392	38,377	42,077	36,692	2	1,752	7,508
Other services	90,431	11,878	2,234	10,235	2,571	6,938	5,868	0	122	1,369
Overseas activities	599	43	11	32	225	201	56	0	6	8
Not classified	182,564	8,318	2,190	7,327	9,142	9,865	6,604	0	233	1,320
All industries	1,251,528	286,340	76,378	229,545	156,391	200,400	185,536	17	12,516	38,973

¹ These figures relate to earnings in accounting periods ending in the financial year shown.

² Capital allowances less balancing charges.

(TABLES 11.3 – 11.5)

Notes on the Table

Computation of corporation tax liability

1. Tables T11.3, T11.4 and T11.5 are estimated from data for a stratified sample of companies but in which large companies are represented fully. The data collected come from:
 - i. companies own corporation tax self assessments where they have been agreed with HM Revenue & Customs;
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 - 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 2-digit Summary Trade Classification (STC) codes which are used by HMRC to classify businesses. The STC codes for grouping industry in the tables are shown in Table D.
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 purposes, a zero is included in the net trading profits column rather than a negative figure. Losses brought forward are not deducted in arriving at net trading profits. They and losses of the current period, so far as they are allowed, are included in "Deductions allowed".
4. In Table T11.4 and Table 11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains).

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Table 11.6 Corporation tax payable by size of liabilities, 2005-06 to 2009-10

This table presents an analysis of corporation tax payable arising from corporation tax liabilities in the financial years from 2005-06 to 2009-10. It shows the distribution by size of corporation tax liability.

Key points:

1. About 5,500 companies (representing an even smaller number of groups) had liabilities of £500,000 or over in 2009-10, between them contributing around 69% of corporation tax.
2. Those paying less than £10,000, about 67% of the total number of taxpayers in 2009-10, paid about £2.0 billion out of the total corporation tax payable of £39.0 billion.
3. In 2009-10, 34 companies paid more than £100 million each in corporation tax (totalling £8.4 billion). In 2008-09 there were 41 such companies paying £11.4 billion.
4. The number of companies liable increased sharply in 2006-07 compared with 2005-06 largely due to the abolition of the 0% starting rate of CT. This is particularly noticeable for those paying less than £1,000.
5. Overall 882 thousand companies had a corporation tax liability in 2009-10 compared with 876 thousand in 2008-09 an increase of 0.7%.

T11.6

Corporation tax

Corporation tax payable after set-offs by year of liability
Classified by size, financial years 2005-06 to 2009-10 (1)

Numbers: actual; Amounts: £ millions

Amount of tax payable (lower limit) £	2005-06		2006-07		2007-08		2008-09		2009-10	
	Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount
>0	24,726	1	75,369	3	60,493	2	57,292	2	59,852	2
100	42,223	12	83,452	22	70,876	19	61,059	17	62,657	17
500	38,703	29	55,245	41	52,413	39	45,412	34	50,154	37
1,000	200,593	559	234,586	647	252,920	708	236,236	666	246,648	693
5,000	127,406	922	149,206	1,075	174,218	1,257	171,897	1,248	172,729	1,250
10,000	185,865	3,848	212,400	4,393	238,875	4,877	252,297	5,097	242,058	4,872
50,000	21,942	1,451	24,070	1,604	26,531	1,781	26,102	1,750	23,952	1,627
100,000	18,159	3,856	19,950	4,250	21,464	4,551	19,833	4,086	18,336	3,770
500,000	2,804	1,954	3,119	2,182	3,227	2,241	2,715	1,885	2,453	1,701
1,000,000	2,577	5,382	2,743	5,686	2,775	5,685	2,272	4,657	2,242	4,621
5,000,000	390	2,677	422	2,966	432	3,044	346	2,385	359	2,474
10,000,000	391	7,960	419	8,487	406	8,459	334	6,808	330	7,050
50,000,000	50	3,448	46	3,282	60	4,171	37	2,526	34	2,423
100,000,000	49	10,673	40	8,084	39	8,494	41	11,409	34	8,435
All ranges	665,878	42,771	861,067	42,722	904,729	45,326	875,873	42,569	881,838	38,973

(1) Figures correspond to company accounting periods ending in the financial years shown.

(TABLE 11.6 - 11.8)

Notes on the Table

Corporation tax payable

1. The analyses by industry use the 2-digit Summary Trade Classification (STC) codes which are used by HMRC to classify businesses. The STC codes for grouping industry in the tables are shown in Table D.
2. The advent of instalment payments has made it necessary to alter the basis on which Table 11.6 and Table 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 Table 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 Table T11.3, Table T11.4 and Table T11.5. Table T11.6 shows a distribution by size of corporation tax payable. Table T11.7 shows a distribution by industry.
4. Table T11.8 shows the extent of variation in corporation tax payable from year to year. In 2009-2019, 197,000 companies with a CT liability had no liability in 2008-2009, while 191,000 companies with a liability in 2008-2009 had no liability in 2009-2010. Only 1,806 companies had a liability of more than £1 million in both years.

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Table 11.7 Corporation tax payable by sector, 2005-06 to 2009-10

This table presents an analysis of corporation tax payable arising from corporation tax liabilities in the financial years from 2005-06 to 2009-10. It shows the distribution by industry sector. Information about the industrial classification used (HMRC's Summary Trade Classification) can be found in Annex D.

Key points:

1. 882 thousand companies in 2009-10 had corporation tax payable of £39.0 billion. This is from a total of 1.3 million companies with trading profits or other income (see Table T11.5).
2. 'Banking, finance and insurance' was the largest sector in terms of corporation tax payable in 2009-10 with £8.3 billion payable (followed by 'Business services' with £7.5 billion, 'Energy and water supply' with £7.2 billion, 'Distribution and repairs' with £5.3 billion and 'Manufacturing' overall, with £4.6 billion).
3. 'Business services' is by far the largest sector numerically, with 376 thousand payers of corporation tax in 2009-10.

T11.7

Corporation tax

Corporation tax payable after set-offs by year of liability

Classified by industry, financial years 2005-06 to 2009-10 (1)

Numbers: actual; Amounts: £ millions

Industry	2005-06		2006-07		2007-08		2008-09		2009-10	
	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable
Agriculture, forestry, fishing	7,534	161	10,867	191	11,352	224	11,194	238	11,132	264
Energy and water supply	1,977	8,561	2,400	6,203	2,530	7,194	2,748	11,679	2,472	7,217
Extraction, metal mfg,chemicals	6,929	1,027	7,973	1,038	7,956	827	7,470	1,295	6,874	1,270
Metal goods and engineering	30,583	1,441	35,396	1,610	35,662	1,943	34,333	2,035	32,575	1,617
Other manufacturing	25,266	2,043	29,635	1,951	29,078	1,887	26,859	1,642	25,339	1,723
Construction	76,323	2,318	87,513	2,474	89,171	2,476	84,592	1,903	79,623	1,654
Distribution and repairs	79,629	4,459	96,084	5,030	91,535	5,156	86,319	4,714	84,277	5,300
Hotels and catering	18,246	465	24,594	553	24,121	586	21,831	506	21,729	515
Transport and communication	22,643	1,192	27,786	997	26,773	981	23,239	1,003	22,152	952
Banking, finance and insurance	20,586	11,627	25,209	11,186	25,163	12,043	23,084	6,945	22,168	8,256
Business services	312,919	7,918	394,117	9,607	405,133	9,687	379,959	8,169	375,962	7,508
Other services	46,791	1,385	62,968	1,394	63,594	1,464	63,416	1,323	63,642	1,369
Overseas activities	19	3	106	6	176	6	351	12	464	8
Not classified	16,433	171	56,419	482	92,485	852	110,478	1,105	133,429	1,320
Total	665,878	42,771	861,067	42,722	904,729	45,326	875,873	42,569	881,838	38,973

(1) Figures correspond to company accounting periods ending in the financial years shown.

(TABLE 11.6 - 11.8)

Notes on the Table

Corporation tax payable

1. The analyses by industry use the 2-digit Summary Trade Classification (STC) codes which are used by HMRC to classify businesses. The STC codes for grouping industry in the tables are shown in Table D.
2. The advent of instalment payments has made it necessary to alter the basis on which Table 11.6 and Table 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 Table 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 Table T11.3, Table T11.4 and Table T11.5. Table T11.6 shows a distribution by size of corporation tax payable. Table T11.7 shows a distribution by industry.
4. Table T11.8 shows the extent of variation in corporation tax payable from year to year. In 2009-2019, 197,000 companies with a CT liability had no liability in 2008-2009, while 191,000 companies with a liability in 2008-2009 had no liability in 2009-2010. Only 1,806 companies had a liability of more than £1 million in both years.

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Table 11.8 Comparison of corporation tax liabilities between 2008-09 and 2009-10

This table shows the extent of variation in companies' corporation tax payable between 2008-09 and 2009-10.

Key points:

1. Of the 2,999 companies who for 2009-10 had corporation tax payable of more than £1 million, 19% had no corporation tax payable in 2008-09.
2. Of the 3,030 companies who for 2008-09 had corporation tax payable of more than £1 million, 18% had no corporation tax payable in 2009-10.
3. Of the 882 thousand companies who had corporation tax payable in 2009-10, 197 thousand had no corporation tax payable in 2008-09.
4. Conversely, out of the 876 thousand companies who had corporation tax payable in 2008-09, 191 thousand of these same companies had no corporation tax payable in 2009-10.
5. Of the 1.1 million companies who had corporation tax payable in either 2008-09 and/or 2009-10, about 64% had corporation tax payable in both years.

T11.8

Corporation tax

Corporation tax payable after set-offs in financial years 2008-09 and 2009-10 ¹

Numbers in each size category of liability

Numbers: actual

Tax payable in 2008-09 (lower limit)	Tax payable in 2009-10 (lower limit)									
	£	0	>0	500	1,000	5,000	10,000	100,000	500,000	1,000,000	All ranges
0	943,597	47,655	14,928	58,567	34,488	36,546	3,716	421	565	1,140,483
>0	57,003	39,024	5,595	11,825	2,750	2,044	103	3	4	118,351
500	15,412	9,721	5,800	10,938	2,127	1,338	62	9	5	45,412
1,000	55,393	19,231	16,720	101,081	30,438	13,114	223	20	16	236,236
5,000	27,835	3,868	4,798	40,229	63,526	31,404	213	17	7	171,897
10,000	31,399	2,923	2,235	23,533	38,957	175,142	4,039	126	45	278,399
100,000	2,899	74	70	430	404	6,172	8,866	703	215	19,833
500,000	437	9	7	34	25	172	890	805	336	2,715
1,000,000	543	4	1	11	14	78	224	349	1,806	3,030
All ranges	1,134,518	122,509	50,154	246,648	172,729	266,010	18,336	2,453	2,999	2,016,356

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

(TABLE 11.6 - 11.8)

Notes on the Table

Corporation tax payable

1. The analyses by industry use the 2-digit Summary Trade Classification (STC) codes which are used by HMRC to classify businesses. The STC codes for grouping industry in the tables are shown in Table D.
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Table 11.9 & 11.10 Capital allowance claims

These tables show capital allowances due each year from 1973-74 to 2009-10, with an industry sector breakdown from 2005-06 onwards. These figures for capital allowances are before any claw-back for balancing charges and are therefore higher than the corresponding figures shown in Tables 11.3-5 (which do take account of this). Information about the industrial classification used in table 11.10 (HMRC's Summary Trade Classification) can be found in Annex D.

Key points:

1. Claims for capital allowances on qualifying assets increased by £4.7 billion (6.4%) in 2009-10 to £78.2 billion.
2. As in all previous years the bulk of the claims in 2009-10 were in respect of allowances on plant and machinery. These claims have risen by some 5.7% in 2009-10.
3. This is partly due to the increase in the Annual Investment Allowance (AIA) increasing from £2.6 billion to £4.4 billion. AIA was introduced for qualifying expenditure incurred on or after 1st April 2008.
4. It is interesting to note how the proportion of AIA to the total of 'Other assets' varies from sector to sector, being lowest where the company size is likely to be largest. The maximum allowance is £50,000 and companies in groups are entitled to only a single AIA between them in respect of qualifying expenditure.
5. Claims in respect of 'Other assets' also increased.
6. In contrast to the other types of asset 'Industrial buildings' decreased to £1.6 billion. This is due to the phased withdrawal of this allowance from 1st April 2008.
7. 'Energy and water supply' claimed most in the way of capital allowances in 2009-10 with claims of £17.7 billion up 17.6% on the previous year. However, this was down by some £2.4 billion (11.8%) from the high 2006-07 figure.
8. Companies in 'Business services' claimed allowances of £13.1 billion followed by 'Manufacturing' (overall) (£11.4 billion), 'Transport and communication' (£10.1 billion), 'Distribution and repairs' (£8.5 billion) and 'Banking, finance and insurance' (£8.3 billion). It should be noted that most of the claims in respect of 'banking' will be in respect of assets leased to other sectors such as transport and manufacturing.

T11.9

Corporation tax Capital allowances due 1973-74 to 2009-10 summary

Amounts: £ millions

Year (1)	Total	Type of asset etc.			Type of allowance (2)		
		Plant and machinery and vehicles (5)	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 (3)	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 (4)	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	68,423	62,483	2,593	3,347	..	..	..
2006-07	82,787	71,469	2,770	8,548	..	..	..
2007-08	80,522	70,634	2,799	7,089	..	..	..
2008-09	73,489	63,637	2,293	7,559	..	..	..
2009-10	78,203	67,238	1,643	9,322	..	..	..

(1) The figures relate to allowances due for accounting periods ending in the financial year 31 March.

(2) Separate information on initial and first year allowances is not available for 1988-89 and subsequent years.

(3) Figures for 1979-80 and subsequently are on a revised basis not directly comparable with earlier years.

(4) Figures for 1982-83 and subsequently include Public Corporations.

(5) From 2008-09 this includes annual investment allowance (AIA) qualifying expenditure (see T11.10).

T11.10

Corporation tax Capital allowances due 2005-06 to 2009-10 (1), by industry

Amounts: £ millions

Industry	Plant and machinery and vehicles							Industrial buildings				
	2005-06	2006-07	2007-08	2008-09	(2) of which 'AIA'	(2) of which 'AIA'	2009-10	2005-06	2006-07	2007-08	2008-09	2009-10
Agriculture, forestry, fishing	425	476	546	550	115	584	200	15	16	15	11	8
Energy and water supply	6681	13,558	9,870	9,779	12	11,623	19	357	291	379	315	214
Extraction, metal mfg, chemicals	2307	2,893	2,749	2,223	62	2,641	91	212	280	239	143	93
Metal goods and engineering	4399	4,769	5,080	5,128	200	3,819	315	260	364	308	262	140
Other manufacturing	4072	4,251	4,263	3,454	179	3,643	283	330	371	291	268	168
Construction	2073	2,186	2,712	2,310	296	2,122	446	114	131	119	83	55
Distribution and repairs	8334	8,042	8,642	7,483	367	8,337	611	203	169	142	132	78
Hotels and catering	1511	1,657	1,959	1,666	89	1,520	158	244	276	279	224	159
Transport and communication	10003	9,532	9,112	7,831	142	8,926	233	551	562	695	584	484
Banking, finance and insurance	10563	10,848	10,289	7,639	53	7,729	80	19	19	22	18	9
Business services	9798	10,550	11,781	11,693	680	12,192	1,103	226	209	221	166	125
Other services	2077	2,129	2,524	2,356	206	2,085	322	51	59	57	55	87
Overseas activities	2	1	3	3	0	5	1	0	0	0	0	0
Not classified	238	577	1,104	1,522	226	2,012	501	11	23	32	32	23
All industries	62,483	71,469	70,634	63,637	2,627	67,238	4,363	2,593	2,770	2,799	2,293	1,643

Industry	Other assets					All assets				
	2005-06	2006-07	2007-08	2008-09	2009-10	2005-06	2006-07	2007-08	2008-09	2009-10
Agriculture, forestry, fishing	33	35	35	32	28	473	527	596	593	620
Energy and water supply	1381	6,179	4,669	4,925	5,825	8,419	20,028	14,918	15,019	17,662
Extraction, metal mfg, chemicals	351	296	361	419	588	2,870	3,469	3,349	2,785	3,322
Metal goods and engineering	151	101	91	84	263	4,810	5,234	5,479	5,474	4,222
Other manufacturing	28	41	57	60	84	4,430	4,663	4,611	3,782	3,895
Construction	10	11	11	13	13	2,197	2,328	2,842	2,406	2,190
Distribution and repairs	66	98	92	155	133	8,603	8,309	8,876	7,770	8,548
Hotels and catering	13	14	9	21	34	1,768	1,947	2,247	1,911	1,713
Transport and communication	429	693	582	413	655	10,983	10,787	10,389	8,828	10,065
Banking, finance and insurance	350	349	338	291	562	10,932	11,216	10,649	7,948	8,300
Business services	477	568	650	828	822	10,501	11,327	12,652	12,687	13,139
Other services	50	129	138	114	120	2,178	2,317	2,719	2,525	2,292
Overseas activities	4	5	5	5	8	6	6	8	8	13
Not classified	4	29	51	199	187	253	629	1,187	1,753	2,222
All industries	3,347	8,548	7,089	7,559	9,322	68,423	82,787	80,522	73,489	78,203

(1) The figures relate to allowances due for accounting periods ending in the financial year 31 March.

(2) Annual investment allowance (AIA) qualifying expenditure incurred on or after 1st April 2008

(TABLES 11.9 - 11.10)

Notes on the Table

Capital allowances due by industry

1. The analyses by industry use the 2-digit Summary Trade Classification (STC) codes which are used by HMRC to classify businesses. The STC codes for grouping industry in the tables are shown in Table D.
2. The types of capital asset which 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. Table 11.9 and Table 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 Table T11.3 to Table T11.5, mainly because the latter are net of balancing charges.

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www.hmrc.gov.uk

The next update of these tables, with information for 2010-11, will be published in October 2012.

Improving Business Taxes National Statistics

In the pursuit of continuing to improve these National Statistics, the producers of them at HM Revenue and Customs would very much like to hear from you. If you are willing to provide your contact details in helping us understand further, who the users of these statistics are, please feel free to submit them via the following link:

<https://www.surveymonkey.com/s/dbtsurvey1>

Annex A: Data sources and Methodology

Data sources

The data for Corporation Tax receipts (Table 11.1A) comes from postings recorded on HMRC's COTAX administrative system by staff in HMRC's accounts offices. The receipts data is downloaded from COTAX every night into databases that can be interrogated the following day by HMRC analysts. The dataset used for analysis includes postings for 100% of companies.

The data for Corporation Tax liabilities (Tables 11.1B – 11.10) comes from CT assessments and returns as recorded on HMRC's COTAX administrative system. A stratified sample, consisting of 100% of 'large' companies and 10% of 'small' companies, is extracted from COTAX on a monthly basis for analysis.

For the purposes of compiling the sample dataset, the definition of a 'large' company is based on a number of criteria including profits, losses, allowances and turnover. All companies served by HMRC's Large Business Service (LBS) are included in the sample, as are all companies which are part of a Group Payment Arrangement (GPA). Taken together, these 'large' companies account for around 80% of the total Corporation Tax liability.

The available data for each company is as recorded on the Company Tax Return (CT600) form, with any modifications or additions made in subsequent assessments. The CT600 form contains a step-by-step 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:

- 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 using a data correction application;
- Reports are run showing new companies which have not yet been assigned a Summary Trade Classification (STC) code in COTAX. Analysts then assign STC codes to these companies where possible;
- Any large changes in receipts or liabilities figures from one statistical release to the next are investigated;
- Total CT receipts figures are checked for consistency with HMRC's latest 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 statistics are only produced at national level; no sub-national geographical breakdowns are provided.

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

Methodology

As the data for CT liabilities is taken from a sample of companies, statistical techniques have to be applied to produce estimates for the whole population.

For companies in the sample where data is not available for a particular year, their profits, deductions and tax liabilities are imputed by extrapolation from a recent year's data. 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 about 4 per cent. For earlier years this percentage drops to less than 1 per cent.

Companies' 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'. In practice, 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; and
- late submission of the company's tax return, replacing the imputed figures in the previous release of the statistics.

The total CT liability typically decreases by around 4% from when it is first published to when it is revised in the following year's statistics. Changes in subsequent years are then smaller but can be up to 2% (increase or decrease) per year. These changes were observed in the statistics from recent years. It should not be assumed that the same pattern of changes will necessarily apply in future.

Reliability of the estimates

Sampling error

Liabilities

The Corporation Tax liabilities statistics aim to infer results for the UK Corporation taxpayer population as a whole, e.g. their total profits and tax liabilities.

All estimates based on samples are subject to sampling variation. That is, estimated totals (e.g. corporation tax liabilities) and other sample statistics will vary from one sample to the next if repeated random samples were drawn, and in all cases will differ to some degree from the corresponding population totals purely by chance.

The extent of such variation depends on the degree of variation across the population in the variable of interest (e.g. corporation tax liabilities), and the size of the sample drawn. Intuitively, such variation in sample-based results will decline as the sample size is increased, but only through a complete survey of the entire population can sampling variation be eliminated completely.

Sampling error is the margin of error associated with an estimate based on a sample, and depends on the sample size, the standard deviation and the level of confidence required.

Receipts

For the Corporation Tax receipts statistics, the complete population is used, therefore sampling error is not an issue.

Other potential sources of error

Other possible sources of error in the published statistics include:

- **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. This is another point at which data may be altered due to human error or software errors. 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 which are detected are altered in the analysis database before the statistics are produced.
- **Other data quality errors:** For example, when classifying companies by industrial sector, use is made of 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 in the sample. 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. More accurate statistics will be available a year later, by which time almost all companies will have completed returns and assessments.
- **Modelling 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.

Planned improvements

In future it is planned to use a new analysis database for CT liabilities which contains CT assessments and returns for all companies, instead of the sample used at present. The underlying data source will remain the same, i.e. HMRC's COTAX administrative system. Testing is currently taking place on the new database, and it is expected to be used in the next scheduled release in October 2012.

Annex B: Glossary

Accounting Period

The period of time 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 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 which 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 HMRC's 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. CT 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 CT 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)

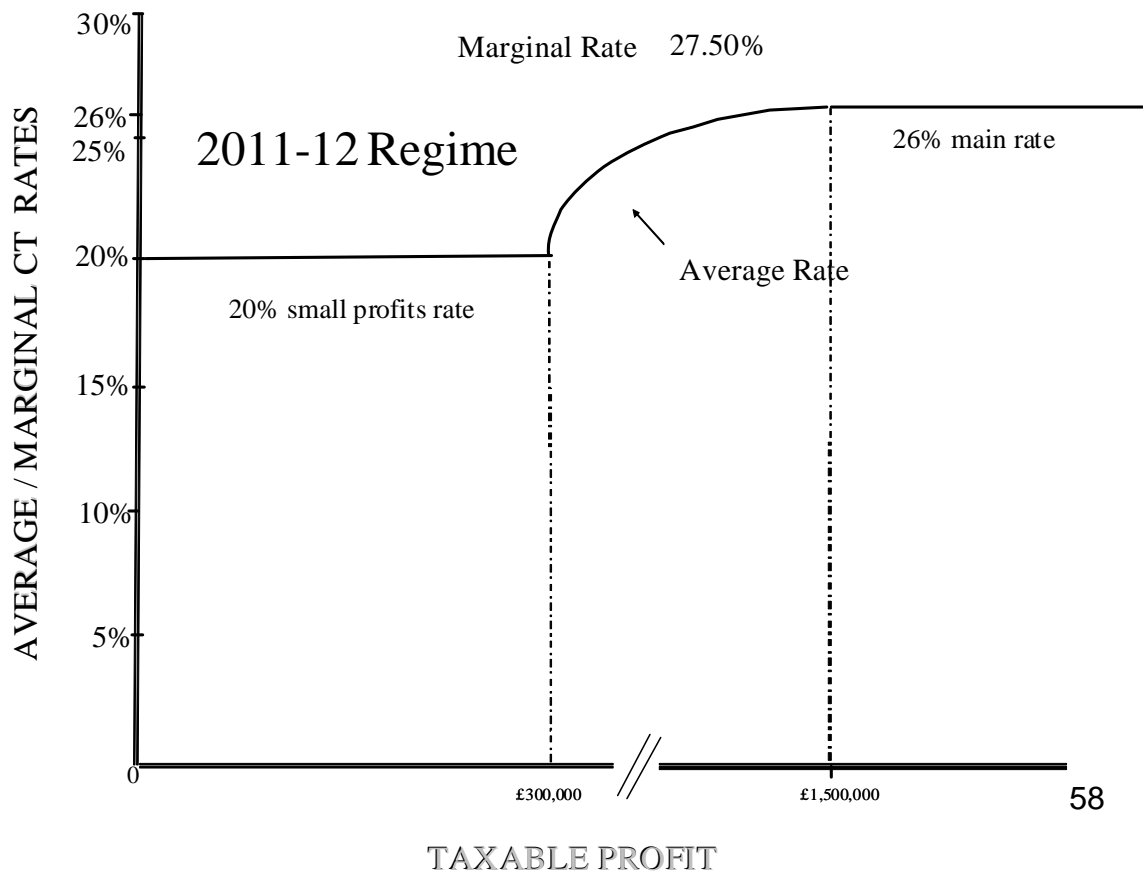
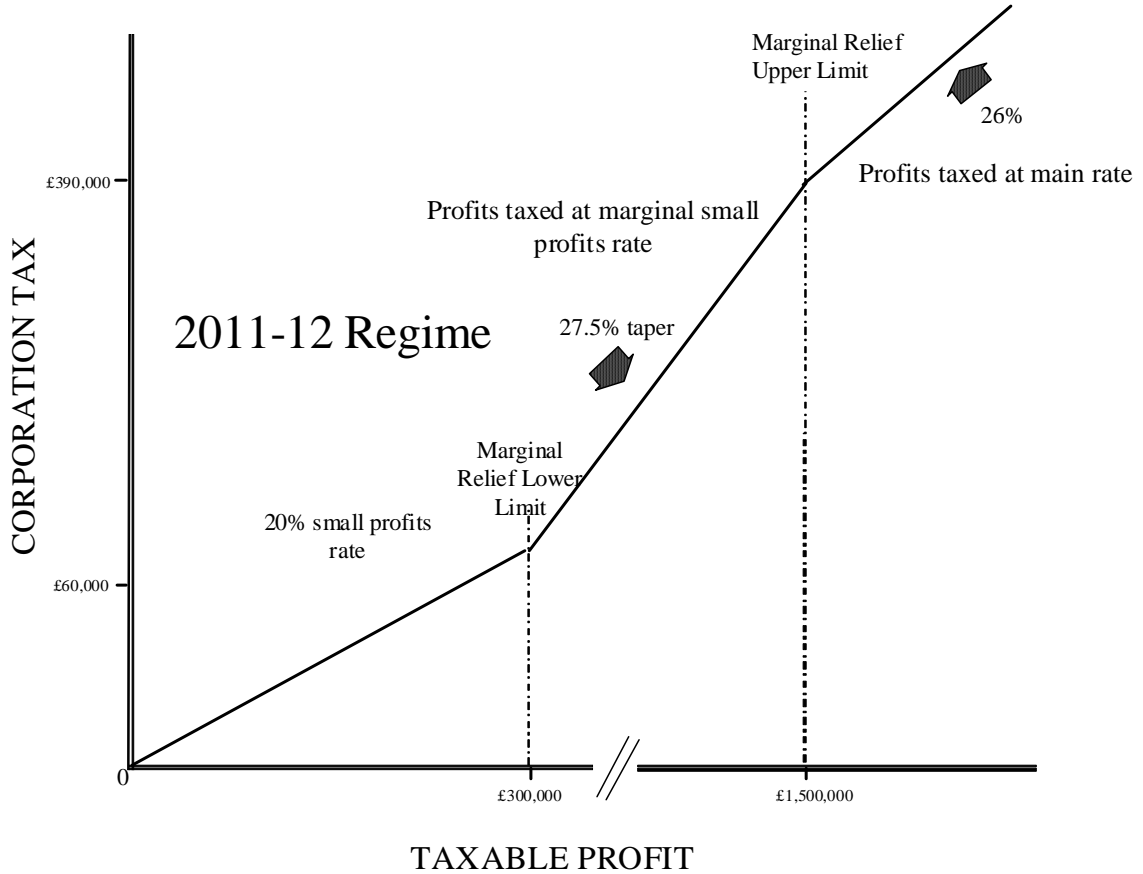
Summary Trade Classification (STC) codes are 2-digit codes used by HMRC to classify companies by their type of business activity. This classification is based on the Standard Industrial Classification SIC(92).

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 2011-12 Corporation Tax rate structure

The diagrams show how 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.



Companies with profits up to £300,000 pay CT at the small profits rate (20%). Most companies with profits greater than this but less than £1.5 million can claim marginal relief. This is equivalent to paying at 20% on the first £300,000 and at 27.5% on the remainder, so that by £1.5 million they are paying at an average rate of 26% (the main rate of CT).

Example:

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 CT is due at the main rate:

$$\text{CT} = 26\% \times £500,000 = £130,000.$$

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

$$\begin{aligned} \text{Marginal relief} &= (\text{Upper limit} - \text{Profits}) \times \text{Standard Fraction} \\ &= (£1.5\text{m} - £500,000) \times 3/200 = £15,000 \end{aligned}$$

$$\text{So, CT payable} = £130,000 - £15,000 = £115,000.$$

An alternative way to calculate this is to consider the first £300,000 to be taxable at the small profits rate, and the remaining £200,000 to be taxable at the marginal rate of £27.5%.

$$\begin{aligned} \text{CT payable} &= (£300,000 \times 20\%) + (£200,000 \times 27.5\%) \\ &= £60,000 + £55,000 = £115,000. \end{aligned}$$

Annex D: Corporation Tax Industrial Breakdown

[replaces table D] Industrial breakdown by the 2-digit Summary Trade Classification (STC) codes which are used to classify companies in this publication. The classification is based on the Standard Industrial Classification SIC (1992). The codings for individual companies have been assigned by HMRC staff primarily on the basis of information supplied by companies. These STC codes are then amalgamated into broader industry groups for use in Tables T11.4, T11.5, T11.7 and T11.10.

Information is also provided on how these STC codes map to the two digit divisions of both the Standard Industrial Classifications SIC2003 and SIC2007.

In several areas these mappings are not exact with the SIC2003 and SIC2007 divisions appearing in two or more of the STC groupings.

Grouping used in tables	STC codes	SIC2003 (Two digit divisions)	SIC2007 (Two digit divisions)
Agriculture, forestry, fishing	01 - 03	01, 02, 05	01, 02, 03
Energy, water supply	04 - 09	10, 11² , 23² , 40, 41, 93²	05, 06² , 08² , 09, 19² , 24³ , 35, 36
Extraction, metal mfg, chemicals	10 - 13	12, 13, 14, 17² , 24, 26, 27² , 28³	07, 08² , 13² , 20² , 21, 23, 24³ , 25³ , 32³ , 96²
Metal goods and engineering	14 - 19	22² , 27² , 28³ , 29² , 30, 31, 32, 33, 34, 35, 36² , 45² , 50² , 92²	18² , 24³ , 25³ , 26, 27, 28, 29, 30, 31² , 32³ , 33, 43² , 45² , 59²
Other manufacturing	20 -29	15, 16, 17² , 18, 19, 20, 21, 22² , 25, 28³ , 29² , 36² , 37	10, 11, 12, 13² , 14, 15, 16, 17, 18² , 20² , 22, 25³ , 31² , 32³ , 38² , 58²
Construction	30	45²	41² , 42, 43²
Distribution and repairs	35 - 37	50² , 51² , 52	45² , 46² , 47, 95²
Hotels and catering	38	55	55, 56
Transport and communication	40 - 43	60, 61, 62, 63² , 64	49, 50, 51, 52, 53, 61, 79²
Banking, finance and insurance	50 - 55, 57, 58	65, 66, 67	64, 65, 66
Business services	60 - 66, 70-72	70, 71, 72, 73, 74³	41² , 58² , 62, 63, 68, 69, 70, 71, 72, 73, 74² , 77, 78² , 80, 82² , 95²
Other services	75 - 82	63² , 74³ , 80, 85, 90, 91, 92² , 93²	37, 38² , 59² , 60, 74² , 75, 78² , 79² , 81, 85, 86, 87, 88, 90, 91, 92, 93, 94, 96²
Overseas activities	85 - 87	11² , 23² , 51² , 74³	06² , 19² , 46² , 82²
Not classified			

Notes

² This division occurs in two groupings

³ This division occurs in three groupings

* This division occurs in more than three groupings