

Income, allowances, deductions and tax accruals by company sector, 2003 to 2008

1. This table provides estimates of trading profits and other income subject to tax alongside the allowances and deductions set against these profits and income, and the resulting corporation tax accruals for the two main company sectors.
2. 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 TA5**, are then set against these trading profits, as are trading losses brought forward from previous years. Other taxable income and net capital gains are added in but then offset by any trading losses in the same period. Charges, other allowable deductions and group relief (i.e. losses surrendered by one member of a company group to set against the profits of another group member) are then subtracted, to obtain profits chargeable to corporation tax.
3. The next line depicts the charge to corporation tax if all profits were charged at the 'main rate' payable by companies whose chargeable profits exceed a certain threshold. This is then reduced by tax paid at the small company rate, related marginal reliefs and the starter rate (which ran from 2000 to 2005), reflecting the lower tax rates actually paid by companies whose chargeable profits are below the threshold. There is then ACT set off (**see paragraph 2 of the notes to Table T11.1**), 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.
4. Note that the accruals figures here are consistent with those in **Table T11.1**, though T11.1 includes small amounts of overseas company accruals 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.
5. Until December 2006, the table also included projections for an additional year that were consistent with corporation tax forecasts published in either the most recent Financial Statement and Budget Report or Pre Budget Report. However, changes to the corporation tax forecasting methodology mean that it is no longer possible to provide a breakdown of the components of CT accruals for the additional year.