Corporation Tax Statistics

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United Kingdom

Theme:
The Economy

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Each summer (new receipts figures) and October (new liabilities data)

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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 and planned improvements

This release includes the first published Corporation Tax liability estimates for company accounting periods ending in 2011-12. These tables are released and updated annually. Figures relating to financial years from 2006-07 to 2010-11 have been revised using the latest available data, but no updates have been made to earlier years' data. Corporation Tax returns are allocated to financial years according to the end date of their individual accounting periods.

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

Previous releases have referred to work on providing an industrial breakdown for these statistics based on SIC 2007. This work is ongoing although due to unforeseen technical difficulties it will not be possible to implement this change for this release.

The next scheduled release is in August 2014, which will show Corporation Tax receipts and Bank Levy figures for 2013-14. For more details, please refer to the publication and release strategy on page seven of this report for further details.

SECTION 1: Introduction

What does this publication tell me?

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

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

Who might be interested?

These tables are likely to be of interest to policy makers in government, academics, research bodies and journalists. They 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 ten 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 from 1 April to 31 March. Where an accounting period straddles 31 March, and so potentially two different tax rates, the company profits are apportioned between the two financial years according to the amount of time that the accounting period covers in each financial year.

Taxable profits for Corporation Tax include:

- Profits from taxable income such as trading profits or investment profits (except dividend income which is taxed differently);

- Capital gains – known as ‘chargeable gains’ for Corporation Tax purposes.

Companies based in the UK have to pay Corporation Tax on all 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.

From 1 April 2012, the main rate was reduced further to 24 per cent and again to 23 per cent on 1 April 2013.

Moreover, it has been announced that from 1 April 2014, the main rate will reduce to 21 per cent and from 1 April 2015, there will be a unified rate of CT of 20 per cent (for non-ring fenced profits) rather than separate main and small profits rates.

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. Please see the following link for HMRC Statistics: Continuous User Engagement Strategy.

http://www.hmrc.gov.uk/statistics/code-of-practice/user-engagement-strategy.pdf

If you would like to comment on these statistics or have any enquiries on the statistics please use the statistical contacts named at the end of this section. Alternatively, we would welcome any views you have using the link to the feedback form 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/statistics/feedback.htm

Specifically, 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

In addition, the HMRC statistics website underwent significant improvements last year and was successfully re-launched in November 2012. A user survey that closed on the 5th April 2013 was undertaken to assess the effect of the improvements. A summary of the findings can be found using this link.

http://www.hmrc.gov.uk/statistics/customer-website-survey-june2013.pdf

UKSA Assessment

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

http://www.statisticsauthority.gov.uk

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

Publication and revision strategy

Table 11.1A on Corporation Tax receipts is published annually, normally in the summer, once final receipts figures for the previous financial year are available. Tables 11.1B to 11.10 on Corporation Tax liabilities are also published annually usually at the end of October. The next scheduled release date is 29 August 2014 when receipts for 2013-14 will be included for the first time.

We are currently considering the practicalities of bringing the 2014 Corporation Tax liabilities release forward from October to align with the receipts publication in August. We will be undertaking a user consultation on this before any changes are announced. To register as a stakeholder in the consultation please contact Vijay Patel using the contact details at the end of this section by the end of December 2013.

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

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

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

Contact points

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

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

SECTION 2: Summary of key statistics

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

Corporation Tax and Bank Levy receipts

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

- Total net CT receipts in 2012-13 were £39.5 billion. This is a reduction of six per cent from £42.2 billion in 2011-12 (see Section 4, Table 11.1A).

- This change is largely due to a 48% reduction in North Sea Oil receipts, down from £9.2 billion in 2011-12 to £4.8 billion in 2012-13.

- The reduction in tax receipts from North Sea Companies was partly offset by a five per cent increase in receipts from the onshore company industrial sectors from £32.9 billion in 2011-12 to £34.7 billion in 2012-13, driven by increases across the Industrial and Commercial, Financial (excluding Life Assurance) and Life Assurance Sectors.

- The biggest relative increase in onshore companies receipts from 2011-12 to 2012-13 came from Life Assurance sector, which increased by 47% from £0.9 billion to £1.4 billion. This change reflects the general variability of these annual receipts figures as seen in previous years with increases and decreases of similar magnitudes being observed.

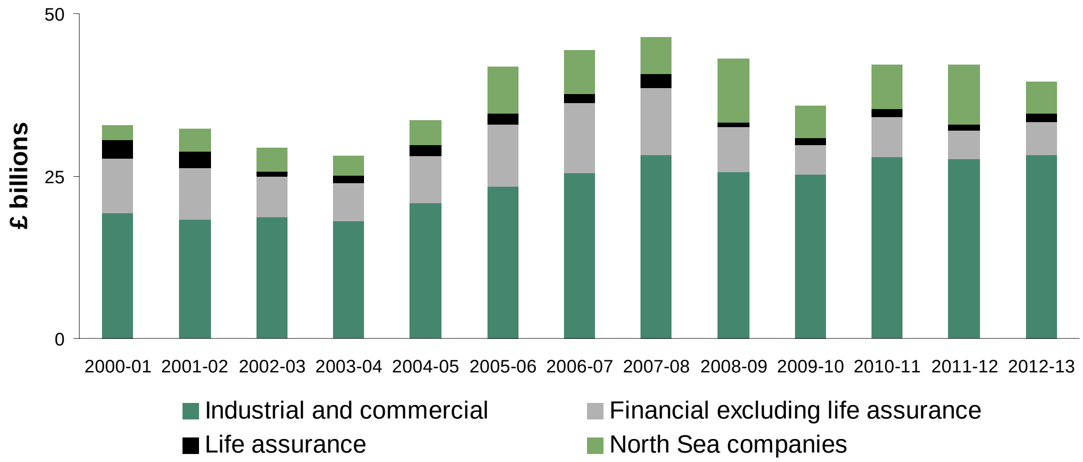
Chart 1 shows the changes in net CT receipts in the period from 2000-01 to 2012-13. CT receipts have declined slightly from 2011-12 to 2012-13, having previously recovered from the global financial crisis and economic downturn in 2008-09. They have not yet reached the previous high in 2007-08.

The Industrial and Commercial sector has the highest level of CT receipts, on average accounting for 68% of all CT receipts since 2009-10.

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

Bank Levy receipts were £1.6bn in both 2012-13 and 2011-12.

Chart 1: Corporation Tax net receipts, by sector, 2000-01 to 2012-13 (£ billions)



Corporation Tax liabilities

Liabilities are the amounts of Corporation Tax due for companies' accounting periods ending in a given financial year. The headline statistics from Corporation Tax liabilities table T11.1B are:

- Comparing the last two years available, total CT liabilities were broadly equal, rising by one percent to £43.8 billion in 2011-12, from £43.2 billion in 2010-11.

- CT liabilities from ring-fenced oil and gas companies increased by ten per cent to £8.4 billion in 2011-12, from £7.6 billion in 2010-11.

- Within the onshore sector, the liabilities of Industrial and Commercial companies also increased to £28.8 billion in 2011-12 from £28.1 billion in 2010-11, a three per cent rise.

- The largest sectorial increase in proportionate terms was in the Life Assurance sector, where liabilities increased by seven per cent to £1.2 billion.

- The only sector to show a decrease was the Financial Sector excluding life assurance, which declined by sixteen percent to £5.4 billion in 2011-12, the lowest value for the sector across the years covered by table 11.1B (back to 1999-00). A number of factors affected profits of the banking sector in 2011-12, leading to this decline. Important factors included the sovereign debt crisis in Europe and the continuing impact of losses incurred in the financial crisis. Bank profits were also affected by making provisions for payments to compensate customers for the mis-selling of Payment Protection Insurance.

Chart 2 shows the changes in CT liabilities in the period from 1999-00 to 2011-12.

From 2002-03 onwards, CT liabilities rose steadily reaching a peak in 2007-08 after which falling in 2008-09 and 2009-10. This was a result of the global financial crisis and economic slow-down. CT liabilities have recovered since to the present levels seen in 2010-11 and 2011-12.

The Industrial and Commercial sector has the highest CT liability, on average accounting for 62% of the total liability during this period. The Financial sector had generally been the second largest contributor, with some exceptions in 2008-09, 2010-11 and now 2011-12 where it has been overtaken by liabilities declared by companies covered by the oil and gas production ring-fence.

Chart 2: Corporation Tax liabilities, by sector, 1999-00 to 2011-12 (£ billions)

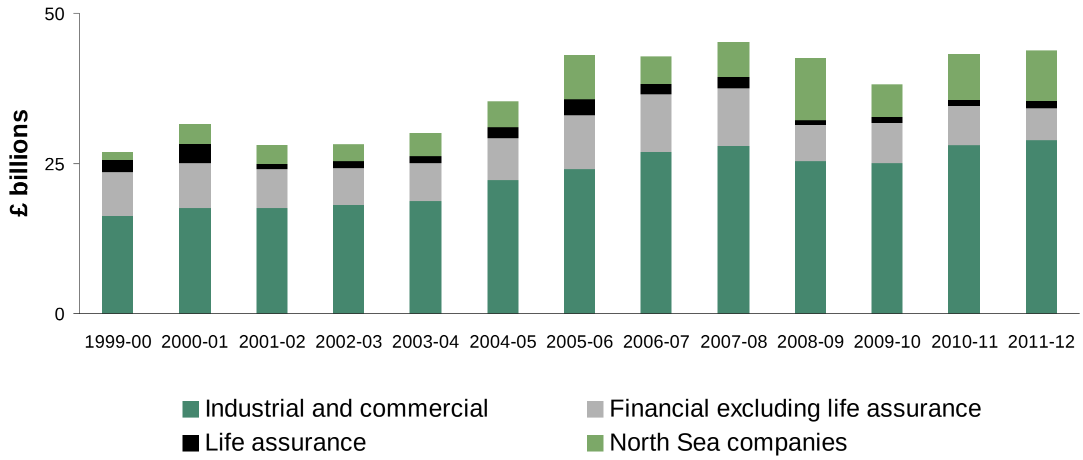
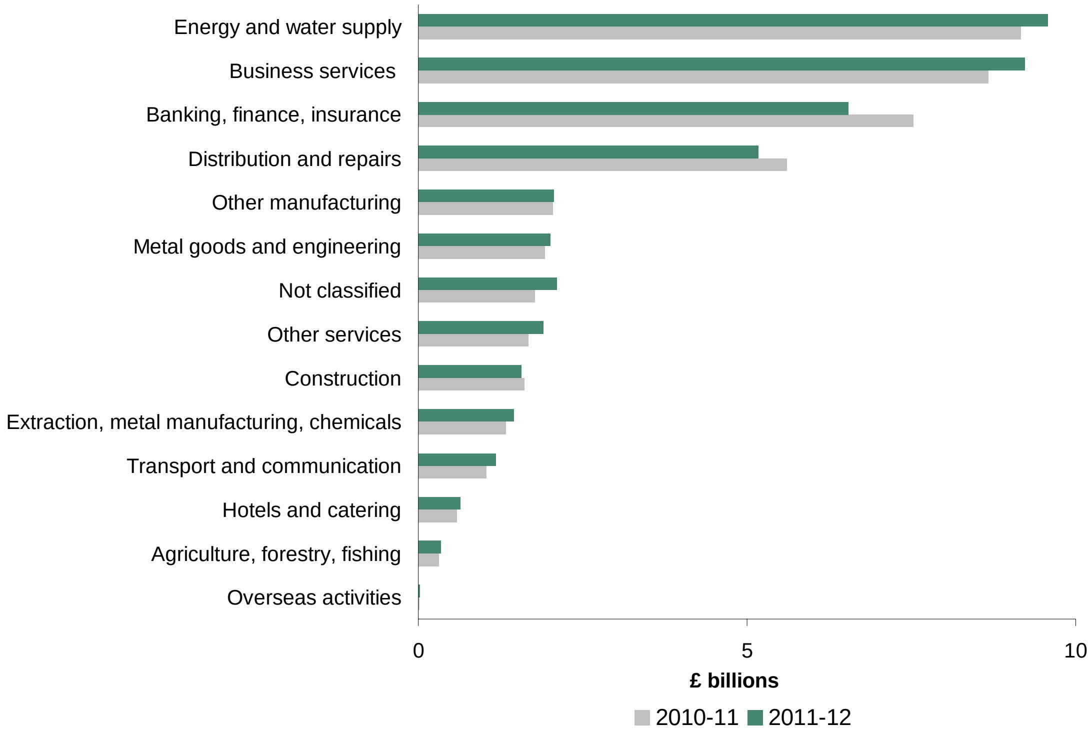


Chart 3 shows a breakdown of CT liabilities by broad industry groups for 2010-11 and 2011-12 (Table 11.7). In 2010-11, 'Energy and water supply' had the largest liability, followed by 'Business services' and 'Banking, finance and insurance'. In 2011-12, these positions remained the same with 'Energy and water supply' having the largest CT liability, £9.6 billion. This reflects the rise in CT liabilities from North Sea oil and gas companies.

Chart 3: Corporation Tax liabilities by industry, 2010-11 and 2011-12 (£ billions)



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, 26 per cent in the 2011 Budget and 24 percent in the 2012 Budget, the main rate fell to 23% in April 2013. In the 2013 Budget it was announced that the main rate reduce further to 21% from April 2014.

How the government intends to approach reform of the corporate tax system over this parliament is set out in the Corporate Tax Road Map. This can be found on the GOV.UK website:
https://www.gov.uk/government/publications/the-corporation-tax-road-map

Costings are published at each Budget, indicating the estimated impact of each tax policy change. The policy costings document for the 2013 Budget can be found on the GOV.UK website:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/188367/budget2013_policy_costings.pdf.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 such changes can have impact on the total liability figures.

Finally 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 and the Bank Levy

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

Profits and deductions

For Corporation Tax purposes, a company's profits comprise its income and capital gains. Income - whether from trading or investments - is calculated in the same way as for income tax purposes including capital allowances where appropriate. Gains are calculated in the same way as for capital gains tax except that companies have no exempt amount and company gains are not affected by the reforms made in 1998 to capital gains tax.

Capital allowances provide relief, for Corporation Tax purposes, for the consumption or depreciation of capital assets incurred for the purposes of carrying on a trade. Different types of assets qualify for different rates of allowances (see the Table TA.5 that is published separately). Capital allowances may be claimed in the year in which they accrue and any unused capital allowances may be carried forward to set against profits in later years. They may also be carried back in the same way as trading losses. Tax credits were introduced in the 1999 Budget, and extended later, to provide enhanced relief for research and development and some other types of expenditure. For some types of expenditure, non-taxpayers can receive a payable tax credit.

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

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

Company groups

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

Inter-company dividends

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

Tax rates

There is a lower rate of Corporation Tax for companies with small profits, known as the small profits rate (SPR), formerly the small companies' rate (SCR). This rate applies when the profits are below a lower limit (as given in Table A.6 that is published separately). 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%)
October 1993	Corporation Tax Pay and File system introduced
2 July 1997	Tax credits on dividends abolished
1999	ACT abolished. Corporation Tax Self Assessment introduced. Quarterly instalment payments (QIPs) introduced for large companies
1 April 2000	Starting Rate of 10% introduced
1 April 2002	Starting Rate cut to zero. SCR reduced from 20% to 19%
1 April 2004	Non-Corporate Distributions Rate (NCDR) introduced on profits distributed to "persons who are not companies"
1 April 2006	Starting Rate and NCDR replaced by a single rate set at the SCR
1 April 2007	SCR raised from 19% to 20%
1 April 2008	Main Rate reduced from 30% to 28%. SCR raised from 20% to 21%
1 April 2011	Main Rate reduced from 28% to 26%. Small Profits Rate (SPR), formerly known as SCR, reduced from 21% to 20%. Introduction of compulsory online filing for Company Tax returns
1 April 2012	Main Rate reduced from 26% to 24%
1 April 2013	Main Rate reduced from 24% to 23%

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

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

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

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

ACT was payable on the 14th day of the month following the end of the quarter in which the distribution was made and mainstream Corporation Tax was payable 9 months after the end of the accounting period. Before 1990-91, payment rules allowed a longer period before mainstream tax was paid. Some companies paid mainstream tax up to 21 months after the end of their accounting periods.

In October 1993 Corporation Tax Pay and File was introduced. Under this administrative system, after nine months a company was required to pay its own estimate of its mainstream Corporation Tax liability, rather than an estimate produced by the tax inspector. After twelve months, it submitted a standard return giving the basis of the liability. Further payments and repayments could be made when a final assessment of tax was agreed. This system also introduced some changes to accounting methods that increased the recorded levels of both payments and repayments, but had no effect on net receipts.

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

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

In April 2000, a new starting rate of 10 per cent was introduced on profits up to £10,000, with a higher marginal rate on profits in the band £10,000 to £50,000. In April 2002, the starting rate was reduced to zero and the small companies' rate of Corporation Tax to 19 per cent. In April 2004, a 19 per cent rate of Corporation Tax was introduced on profits distributed to persons who are not companies, commonly referred to as the Non-Corporate Distributions Rate (NCDR). The zero per cent starting rate led to a significant growth in tax-motivated incorporations. In 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. From 1 April 2012, the main rate was reduced further to 24 per cent and to 23% from 1 April 2013.

The Bank Levy

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

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

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

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

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

Bank Levy Rates

The rates are:

01 January 2011 – 28 February 2011

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

01 March 2011 – 30 April 2011

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

01 May 2011 – 31 December 2011

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

01 January 2012 – 31 December 2012

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

01 January 2013 – 31 December 2013

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

01 January 2014 onwards

0.142% for short-term chargeable liabilities and 0.071% for long-term chargeable equity and liabilities.

Banking Sector Tax Receipts Statistics

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

http://www.hmrc.gov.uk/statistics/banking.htm

SECTION 4: Corporation Tax receipts

Background

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

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

Table T11.1A Corporation Tax and Bank Levy net receipts, 1999-00 to 2012-13

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

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

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

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

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

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

Key points:

1. The total net CT receipts in 2012-13 stood at £39.5 billion. This figure is net of around £990m of tax credits, which were given as enhanced relief.

2. Total Corporation Tax (CT) net receipts fell from £43.1 billion in 2008-09 to £35.8 billion in 2009-10, a decrease of 17%. This was followed by an increase of 18% to £42.1 billion in 2010-11. In 2010-11 to 2011-12, there was little change, with receipts rising slightly to £42.2 billion in 2011-12 before declining again to £39.5bn in 2012-13.

3. The reduction in overall CT receipts from 2011-12 to 2012-13 reflects a £4.4 billion reduction in receipts from the North Sea sector, partially offset by a 1.7 billion increase in receipts from the onshore company sectors.

4. CT receipts from UK Oil & Gas companies fell by 49% from £9.8 billion in 2008-09 to £5.0 billion in 2009-10 as oil prices dropped back from their previous highs, before rising again by 37% to £6.9 billion in 2010-11 as oil prices began to increase again. Receipts rose again by 34% to £9.2 billion in 2011-12 as oil prices continued to rise and the CT supplementary charge was increased to 32% from 20% on 24 March 2011. A sharp decline in production of around 14% and increased expenditure were the main contributory factors in CT receipts falling to £4.8 billion in 2012-13.

5. CT receipts from the Onshore company industrial sectors increased from £32.9 billion in 2011-12 to £34.7 billion in 2012-13, driven by increases across the Industrial and Commercial, Financial (excluding Life Assurance) and Life Assurance Sectors.

6. Bank Levy was introduced in January 2011 and the first payments were received in August 2011. Receipts of the Bank Levy were £1.6bn in both 2011-12 and 2012-13.

T11.1A Corporation tax and Bank Levy

Corporation tax and Bank Levy net receipts 1999-00 to 2012-13

£ millions

Corporation tax net receipts	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12[1]	2012-13[1]
Onshore companies - net receipts excluding ACT														
By type of payment:														
Mainstream corporation tax	19,448	-208	-1,766	-1,574	-1,430	-872	-595	-380	230	-71	156	24	-56	-151
Large company quarterly instalments and balancing payments	11,989	26,316	24,765	20,943	19,627	22,680	26,005	27,755	28,572	21,331	19,137	23,658	20,865	23,091
Small company payments	..	4,433	5,716	6,416	6,894	7,967	9,196	10,228	11,854	11,999	11,518	11,576	12,124	11,719
Total	31,437	30,541	28,715	25,785	25,091	29,775	34,606	37,603	40,656	33,259	30,811	35,258	32,933	34,659
By industrial sector[2]:														
Manufacturing	..	5,529	5,077	4,220	3,664	4,646	4,822	4,587	4,435	3,774	4,551	5,454	4,580	4,986
Distribution	..	3,942	3,976	4,461	4,559	4,475	4,279	5,098	5,702	5,003	5,011	5,795	5,214	5,353
Other industrial and commercial[3]	..	9,769	9,146	9,906	9,855	11,732	14,300	15,741	18,130	16,826	15,627	16,763	17,785	17,835
Financial excluding life assurance	..	8,445	8,094	6,409	5,844	7,282	9,543	10,733	10,293	6,954	4,565	6,157	4,433	5,127
Life assurance	..	2,856	2,422	789	1,169	1,640	1,662	1,444	2,097	701	1,058	1,089	921	1,357
Total	31,437	30,541	28,715	25,785	25,091	29,775	34,606	37,603	40,656	33,259	30,811	35,258	32,933	34,659
North Sea companies - net receipts excluding ACT														
Mainstream corporation tax	578	-65	92	-5	-69	-60	-53	-39	4	-16	-10	35	-5	0
Quarterly instalments and balancing payments[4]	570	2,394	3,423	3,667	3,126	3,891	7,360	6,748	5,724	9,842	5,008	6,828	9,223	4,793
Total	1,148	2,329	3,515	3,662	3,057	3,831	7,307	6,709	5,728	9,826	4,998	6,863	9,218	4,793
Advance corporation tax - net receipts[5]	1,737	-449	-189	-179	-71	-33	-84	-4	-1	-8	-4	..	..	..
Total net receipts of corporation tax[6]	34,322	32,421	32,041	29,268	28,077	33,573	41,829	44,308	46,383	43,077	35,805	42,121	42,151	39,452
Bank Levy[7]	..	..	..	..	..	..	..	..	..	..	..	..	1,612	1,594

[1] For 2011-12 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] To ensure that the total HMRC receipts are categorised in this table are in line with the HMRC trust statement totals, an estimate has been made of distribution of uncategorised payments between the sectors

[3] Including overseas companies.

[4] 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, £4,030 million in 2008-09, £2,050 million in 2009-10, £2,810 million in 2010-11, £4,655 million in 2011-12 and £2,663 million in 2012-13.

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

[6] 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, £550 million in 2005-06, £600 million in 2006-07, £650 million in 2007-08, £850 million in 2008-09, £850 million in 2009-10, £900 million in 2010-11, £950 million in 2011-12 and £1,000 million in 2012-13.

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

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SECTION 5: Corporation Tax liabilities

Tables in this section

T11.1B Corporation Tax liabilities 1999-00 to 2011-12

T11.2 Income, allowances, deductions and tax liabilities by company sector, 2006-07 to 2011-12

T11.3 Corporate income, allowances and tax liabilities, 2004-05 to 2011-12

T11.4 Computation of Corporation Tax liability by industry for 2010-11

T11.5 Computation of Corporation Tax liability by industry for 2011-12

T11.6 Corporation Tax payable by size of liabilities, 2007-08 to 2011-12

T11.7 Corporation Tax payable by sector, 2007-08 to 2011-12

T11.8 Comparison of Corporation Tax liabilities between 2010-11 and 2011-12

T11.9 Annual summary of capital allowance claims

T11.10 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 Corporation Tax returns and assessments as recorded on The HMRC COTAX administrative system. Statistical imputation and grossing techniques are used to ensure that the estimates published are representative of the entire population.

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

For years shown from 2005-06 onwards, data from 100% of companies is used.

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. In this current release, the most recent available estimates for liabilities relate to 2011-12.

Estimates for 2012-13 will not be available until autumn 2014 and for 2013-14 not for a year after that. However, at the time of this current release companies will already have finished making instalment payments of Corporation Tax for 2012-13 and begun making payments for 2013-14.

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 was formed, they became responsible for publishing Corporation Tax forecasts. These tables are now 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 based on 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 that 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 T11.1B Corporation Tax liabilities, 1999-00 to 2011-12

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.

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

Key points:

1. Comparing the last two years available total CT liabilities were broadly flat, rising by one percent to £43.8 billion in 2011-12, from £43.2 billion in 2010-11.

2. CT liabilities from North Sea oil companies increased by ten per cent to £8.4 billion in 2011-12, from £7.6 billion in 2010-11.

3. Within the onshore sector, liabilities from the Industrial and Commercial sector also increased to £28.8 billion in 2011-12 from £28.1 billion in 2010-11, a three per cent rise.

4. The biggest increases in 2011-12 were seen in the Life Assurance sectors, where liabilities increased by seven per cent to £1.2 billion, compared to the previous year.

5. The only sector to show a decrease from 2010-11 was the Financial Sector excluding life assurance, which declined by sixteen percent to £5.4 billion, the lowest value shown in the series. A number of factors affected profits of the banking sector in 2011-12, leading to this decline. Important factors included the sovereign debt crisis in Europe. Bank profits were also affected by making provisions for payments to compensate customers for the mis-selling of Payment Protection Insurance.

6. The pattern of liabilities seen since 2002-03 reflects economic growth and an increase in liabilities to the peak of £45.1 billion in 2007-08. Following the global financial crisis and economic slowdown receipts across all onshore sectors reduced in 2008-09 before increasing back towards the current levels seen in 2010-11 and 2011-12.

T11.1B

Corporation tax

Corporation tax liabilities 1999-00 to 2011-12[1]

Amounts: £ million

Corporation tax liabilities After ACT set off[2]		1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06[4]	2006-07[5]	2007-08	2008-09	2009-10	2010-11	2011-12
Onshore companies														
	Industrial and commercial[3]	16,249	17,630	17,545	18,142	18,648	22,226	24,010	26,920	27,874	25,395	25,013	28,086	28,828
	Financial excluding life assurance	7,205	7,436	6,518	6,014	6,465	6,988	8,990	9,603	9,722	6,078	6,697	6,425	5,362
	Life assurance	2,131	3,312	869	1,211	1,077	1,741	2,705	1,726	1,846	652	1,031	1,100	1,173
	Total	25,585	28,378	24,932	25,367	26,190	30,955	35,705	38,249	39,442	32,125	32,741	35,611	35,363
North Sea companies		1,258	3,180	3,080	2,810	3,860	4,332	7,295	4,518	5,690	10,314	5,391	7,626	8,393
Total liabilities of corporation tax (after ACT set off)		26,843	31,558	28,012	28,177	30,050	35,287	43,000	42,767	45,132	42,439	38,132	43,237	43,756

[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 and companies not classified elsewhere.

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

[5] From 2006-07 the figures have been revised using latest available HMRC data.

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Table T11.2: Income, allowances, deductions and tax liabilities by company sector, 2006-07 to 2011-12

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 A.5 that is published separately**,** 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 profits rate (or the starting rate that applied between 2000-01 and 2005-06). The following line shows marginal relief for companies with profits between the upper and lower thresholds (refer to Annex C for more detail about marginal relief). There is then ACT set off (explained in the notes to Table T11.1A above), double taxation relief (which allows for tax companies which may have already paid on overseas profits in the countries where those profits were earned) and other minor adjustments.

Note that the liabilities figures 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 £2.1 billion between 2006-07 (£26.9 billion) and 2011-12 (£28.8 billion) for industrial and commercial companies (excluding North Sea oil companies). However, financial companies (excluding life assurance) have decreased by £2.6 billion over the same period (£9.6 billion in 2006-07 and £5.4 billion in 2011-12).

2. The change in both sectors between 2007-08 and 2008-09 has been downwards. CT liabilities for industrial and commercial companies (excluding North Sea oil) fell by nine per cent to £25.4 billion in 2008-09 from £27.9 billion in 2007-08. CT liabilities for financial companies (excluding life assurance) fell by 38% to £6.1 billion. The number of industrial and commercial companies actually rose by two per cent; however, this was outweighed mainly by the effect of the reduction in the CT main rate from 30 per cent to 28 per cent. For financial companies (excluding life assurance) 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.

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 T11.3 titled 'Capital allowances' which refers to capital allowances claimed, less balancing charges.

T11.2 Corporation tax

Income, allowances, deductions and tax liabilities by company sector, 2006-07 to 2011-12[1]

Amounts: £ million

	Industrial and commercial companies excluding overseas and North Sea oil companies[2]						Financial companies excluding life assurance					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Gross taxable trading profits	188,355	194,706	196,894	199,910	217,208	226,749	57,320	56,877	55,033	60,809	62,665	59,148
Capital allowances (less balancing charges) offset against trading profits	42,310	40,989	38,347	43,623	46,201	47,279	7,746	5,818	4,196	4,490	5,288	4,927
Trading losses from previous years offset against this year's trading profits	12,248	9,702	9,256	10,271	12,475	13,146	3,403	1,704	9,343	13,684	15,443	15,214
Other taxable income and net capital gains	131,712	134,369	147,787	94,722	61,973	62,944	47,163	54,141	60,802	42,340	28,049	26,906
Trading losses offset against other income	10,633	15,113	13,970	9,002	7,197	5,834	4,245	8,103	3,139	1,630	1,308	1,551
Charges paid and offset against profits	1,530	1,595	1,419	1,313	1,429	1,601	423	508	714	187	186	227
Group relief received	74,637	92,798	106,316	79,011	71,126	70,419	32,667	40,593	53,001	40,560	32,971	32,388
Other deductions	21,172	19,723	23,690	20,853	19,654	19,303	9,980	9,093	9,848	8,761	7,793	6,818
Profits chargeable to corporation tax	157,537	149,155	151,683	130,559	121,099	132,111	46,019	45,199	35,594	33,837	27,725	24,929
Charge to corporation tax	43,729	41,221	40,605	34,332	31,523	32,781	13,582	13,344	9,842	9,238	7,610	6,517
Marginal Small Companies Relief	683	610	437	342	380	387	27	26	16	13	14	13
Advance corporation tax set off	85	139	19	23	17	15	1	6	0	0	0	0
Double taxation relief	15,958	12,606	14,783	8,893	3,177	3,775	3,748	3,486	3,349	2,332	1,078	1,051
Income tax set off and other non-standard reductions	109	1	-12	67	-126	-207	202	105	399	194	94	89
Corporation tax liabilities (after ACT set off)	26,893	27,864	25,379	25,008	28,075	28,811	9,603	9,722	6,078	6,697	6,425	5,362

[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] Figures exclude the overseas sector which are included with the industrial and commercial totals in table T11.1B.

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Table T11.3 Corporate income, allowances and tax liabilities, 2004-05 to 2011-12

This table provides a summary of corporate income and Corporation Tax liabilities from 2004-05 to 2011-12.

Key points:

1. For accounting periods ending in 2011-12, 980 thousand profit-making companies had total chargeable profits of £180.5 billion, an increase in profits of five per cent on the previous year. Gross trading profits (before capital allowances) rose by three per cent and capital allowances rose by seven per cent over the same period.

2. About 67% of the total chargeable profits in 2011-12 (attributable to around 41 thousand companies) were taxed at the 26% main rate of Corporation Tax. The remaining 939 thousand companies either received marginal relief against their main rate liability or were taxed at the 20% small profits rate of CT.

3. 895 thousand companies fell into the 20% small profits rate of CT in 2011-12. A further 44 thousand companies with profits above £300,000 were liable at 26% but got marginal small profits relief. The marginal small profits relief is calculated on a sliding scale for profits between £300,000 and £1.5 million.

4. CT in 2011-12 of £43.8 billion was charged on the total chargeable profits of £180.5 billion, a one per cent increase compared to 2010-11.

5. From the overall £43.8 billion CT charge in 2011-12 about seven thousand of the typically very largest companies claimed £5.6 billion in ‘Double tax relief’ in respect of tax suffered abroad on income repatriated to the UK (comprising mainly dividends).

6. An estimated 190 companies claimed deductions of Advance Corporation Tax (ACT) totalling £16 million in 2011-12. 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’ in 2011-12 has risen a little to 44 thousand whilst the amount claimed has fallen to £156 million compared to 2010-11. This is due to the withdrawal of the starting rate of tax and hence any associated marginal tax relief.

8. The number of companies paying CT after ‘Double tax relief’, ACT and other reliefs and set-offs has risen to 975 thousand companies in 2011-12 an increase of eight per cent from the previous year. The CT payable increased from £43.2 billion in 2010-11 to £43.8 billion in 2011-12, an increase of one per cent.

T11.3 Corporation tax

Number, income, allowances, tax liabilities and deductions

Financial years 2004-05 to 2011-12[1]

Numbers: actual; Amounts: £ millions

	2004-05		2005-06[8]		2006-07		2007-08	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross trading profit[9]	808,237	225,328	867,157	249,665	917,009	269,706	979,273	274,422
Capital allowances[2]	629,753	69,871	697,615	65,858	789,632	79,296	866,209	75,107
Net trading profits[4, 9]	771,651	171,669	831,223	200,180	868,361	210,290	921,619	220,810
Other income & gains	600,668	141,026	676,540	167,333	706,212	195,063	766,246	211,069
Deductions allowed	313,752	139,191	347,941	157,487	413,656	182,678	464,967	214,130
Total chargeable profits	828,578	173,504	895,430	210,026	886,907	222,684	923,991	217,754
Rates at which profits charged:[11]								
Main rate	39,836	129,151	45,049	156,782	48,045	168,346	48,121	158,156
Marginal small profits rate[10]	33,319	10,305	37,722	11,958	40,738	13,062	43,316	14,293
Small profits rate[10]	222,876	26,949	299,237	34,194	798,124	41,276	832,554	45,306
Marginal starting rate	262,357	6,001	253,782	5,992				
Starting rate	270,190	1,098	259,640	1,100				
Total tax charge[6]	828,578	49,342	895,430	60,348	886,907	64,273	923,991	62,992
Double tax relief	6,199	13,102	6,798	16,217	7,614	20,193	8,099	16,662
Act set-off	1,068	139	715	66	728	87	600	145
Income tax set-off	23,630	148	25,340	350	31,600	413	33,448	422
Other reliefs[3]	293,208	666	289,096	715	247,058	813	44,673	631
Corporation tax payable	602,301	35,287	680,005	43,000	877,806	42,768	916,708	45,131

	2008-09		2009-10		2010-11		2011-12[5]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Gross trading profit[9]	962,469	284,575	968,421	284,810	1,021,515	307,128	1,089,690	315,106
Capital allowances[2]	920,323	71,082	916,059	74,352	892,015	74,572	897,123	79,585
Net trading profits[4, 9]	893,003	236,506	897,924	229,769	957,114	249,878	1,027,304	254,326
Other income & gains	783,234	225,589	641,901	155,453	533,185	108,422	533,693	108,272
Deductions allowed	486,026	246,111	440,833	202,239	416,341	186,161	406,728	182,159
Total chargeable profits	889,992	215,989	873,849	182,986	910,641	172,153	980,266	180,450
Rates at which profits charged:[11]								
Main rate	46,699	161,471	40,096	131,978	39,629	117,700	41,131	120,754
Marginal small profits rate[10]	39,282	13,049	36,550	11,984	40,206	13,536	44,253	15,099
Small profits rate[10]	804,011	41,470	797,203	39,024	830,806	40,917	894,882	44,598
Marginal starting rate[7]								
Starting rate[7]								
Total tax charge[6]	889,992	62,735	873,849	50,845	910,641	48,693	980,266	49,791
Double tax relief	8,280	19,110	7,744	11,873	6,771	4,919	6,952	5,558
Act set-off	410	19	276	23	209	17	192	16
Income tax set-off	31,874	572	22,860	430	15,915	276	13,319	306
Other reliefs[3]	40,501	595	37,496	387	40,379	244	43,701	156
Corporation tax payable	885,280	42,438	868,100	38,132	905,457	43,237	975,383	43,755

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

[2] Capital allowances less balancing charges.

[3] Reliefs not classified: non-standard tax reduction and marginal small companies rate 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 Corporation Tax removed in April 2006.

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

[9] A single company may have a number of difference sources of income so trading profit and other income will overlap in tables T11.3, T11.4 and T11.5.

[10] 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.

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

(Tables T11.3 to T11.5)

Notes on the tables

Computation of Corporation Tax liability

1. Tables T11.3, T11.4 and T11.5 are estimated from data collected from:
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   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 two 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 Annex D within "Corporation Tax Statistics"

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

4. In Tables T11.4 and T11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains)

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Table 11.4 Computation of Corporation Tax liability by industry for 2010-11

This table provides a derivation of Corporation Tax liabilities for 2010-11 by broad industry group consistent with the aggregate figures shown in Table T11.3. Information about the industrial classification used (the HMRC Summary Trade Classification) can be found in Annex D.

Key points:

1. The ‘Energy, water supply’ industries with chargeable profits of £26.3 billion, was the sector with the largest CT payable in 2010-11 equal to £9.2 billion.

2. ‘Business services’ had the second largest CT payable, of £8.7 billion.

3. The third largest sector in terms of CT payable was ‘Banking, finance and insurance’ with CT payable of £7.5 billion.

4. The ‘Distribution and repairs’ industries had CT payable in 2010-11 of £5.6 billion.

5. ‘Manufacturing’ (overall) had CT payable in 2010-11 of £5.3 billion.

6. The largest sector by number in 2010-11 was ‘Business services’ with 505 thousand companies having trading profits and other income from about 1.2 million similarly profitable companies.

7. The main element to ‘Other reliefs set against tax’ 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.

8. The total CT payable for all industries was £43.2 billion.

9. Advance CT (ACT) set-off in 2010-11 was £17 million.

T11.4 Corporation tax

Computation of liability: financial year 2010-11[1]
Number, income, allowances, deductions and tax, by industry

Numbers: actual; Amounts: £ millions

Industry	Number of cases with trading profits and other income[3]	Gross trading profits[3]	Capital allowances[2]	Net trading profits	Other income & gains[3]	Deductions allowed	Total chargeable profits	ACT set-off	Other reliefs set against tax[4]	Tax payable
Agriculture, forestry, fishing	15,194	1,858	648	1,321	265	343	1,243	0	7	308
Energy, water supply	3,767	43,709	16,608	31,238	3,679	8,614	26,303	3	1,565	9,163
Extraction, metal mfg,chemicals	9,258	13,611	2,971	11,070	2,991	6,996	7,065	0	633	1,328
Metal goods and engineering	39,674	15,018	4,593	11,634	2,106	6,261	7,479	4	77	1,925
Other manufacturing	34,516	16,189	3,611	13,154	3,072	8,420	7,805	2	78	2,040
Construction	97,735	10,979	2,248	9,119	1,641	3,884	6,877	0	109	1,611
Distribution and repairs	112,161	36,929	8,084	30,081	5,512	12,186	23,406	0	709	5,604
Hotels and catering	30,289	4,826	1,643	3,508	1,170	2,340	2,339	0	27	588
Transport and communication	29,527	18,963	8,919	11,798	2,775	10,501	4,072	1	57	1,031
Banking, finance and insurance	36,694	65,531	7,662	60,321	45,839	72,568	33,593	1	1,387	7,525
Business services	505,373	55,510	12,826	45,848	29,708	38,574	36,987	5	580	8,669
Other services	87,397	12,737	2,293	10,972	2,402	6,349	7,025	1	123	1,671
Overseas activities	540	58	14	49	168	170	47	0	1	11
Not classified	197,537	11,210	2,453	9,767	7,093	8,953	7,913	0	84	1,763
All industries	1,199,659	307,128	74,572	249,878	108,422	186,161	172,153	17	5,439	43,237

[1] These figures relate to earnings in accounting periods ending in the financial year shown.
[2] Capital allowances less balancing charges.
[3] Single company may have a number of difference sources of income so trading profit and other income will overlap in tables T11.3, T11.4 and T11.5.
[4] Includes double taxation relief, marginal small companies rate relief, income tax set off and non-standard tax reduction.

(Tables T11.3 to T11.5)

Notes on the tables
Computation of Corporation Tax liability

1. Tables T11.3, T11.4 and T11.5 are estimated from data collected from:
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2. The analyses by industry use the two 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 Annex D within "Corporation Tax Statistics"

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

4. In Tables T11.4 and T11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains)

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Table T11.5 Computation of Corporation Tax liability by industry for 2011-12

This table provides a derivation of Corporation Tax liabilities for 2011-12 by broad industry group consistent with the aggregate figures shown in Table T11.3. Information about the industrial classification used (the HMRC Summary Trade Classification) can be found in Annex D.

Key points:

1. The ‘Energy, water supply’ industries had the largest CT payable in 2011-12 of £9.6 billion, an increase of £0.4 billion compared with 2010-11.

2. ‘Business services’ had the second largest CT payable, of £9.2 billion. This represented a rise of £0.6 billion for this sector compared with 2010-11.

3. In terms of CT payable the third largest sector was ‘Banking, finance and insurance’ with Corporation Tax payable of £6.5 billion compared with £7.5 billion in 2010-11 (a £1 billion decrease).

4. The ‘Distribution and repairs’ industries had CT payable in 2011-12 of £5.2 billion, a decrease of £0.4 billion from the previous year.

5. ‘Manufacturing’ (overall) had CT payable in 2011-12 of £5.5 billion, which was a £0.2 billion increase compared to the previous year.

6. The largest sector by number in 2011-12 remained ‘Business services’ with 533 thousand companies having trading and other income from about 1.3 million similarly profitable companies.

7. The total CT payable for all industries was £43.8 billion

8. Advance CT (ACT) set-off in 2011-12 was £16 million.

T11.5 Corporation tax

Computation of liability: financial year 2011-12[1]

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

Numbers: actual; Amounts: £ millions

Industry	Number of cases with trading profits and other income[3]	Gross trading profits[3]	Capital allowances[2]	Net trading profits	Other income & gains[3]	Deductions allowed	Total chargeable profits	ACT set-off	Other reliefs set against tax[4]	Tax payable
Agriculture, forestry, fishing	15,549	2,125	737	1,507	293	364	1,436	0	7	342
Energy, water supply	3,972	45,973	20,214	30,904	3,457	8,882	25,478	0	1,786	9,570
Extraction, metal mfg,chemicals	9,332	14,032	3,089	11,517	2,982	6,168	8,332	1	745	1,449
Metal goods and engineering	40,822	15,870	4,860	12,572	2,441	6,874	8,139	3	73	2,005
Other manufacturing	34,157	16,195	3,523	13,215	2,692	7,674	8,233	1	79	2,055
Construction	99,407	10,864	2,445	8,980	1,460	3,348	7,092	0	136	1,560
Distribution and repairs	111,492	35,145	8,297	28,593	5,773	10,615	23,752	3	915	5,173
Hotels and catering	30,942	5,068	1,705	3,861	1,529	2,830	2,560	0	5	641
Transport and communication	29,963	19,342	9,830	11,319	2,947	9,353	4,913	6	71	1,181
Banking, finance and insurance	36,532	62,081	7,638	57,195	44,685	70,502	31,379	0	1,367	6,535
Business services	533,194	61,187	11,687	50,884	29,674	39,414	41,147	2	621	9,221
Other services	92,962	13,431	2,362	11,712	2,255	5,825	8,142	0	95	1,907
Overseas activities	507	91	16	76	204	211	69	0	0	17
Not classified	220,770	13,703	3,181	11,990	7,880	10,098	9,777	0	119	2,100
All industries	1,259,602	315,106	79,585	254,326	108,272	182,159	180,450	16	6,020	43,755

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

[2] Capital allowances less balancing charges.

[3] Single company may have a number of difference sources of income so trading profit and other income will overlap in tables T11.3, T11.4 and T11.5.

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

(Tables T11.3 to T11.5)

Notes on the tables
Computation of Corporation Tax liability

1. Tables T11.3, T11.4 and T11.5 are estimated from data collected from:
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2. The analyses by industry use the two 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 Annex D within "Corporation Tax Statistics"

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4. In Tables T11.4 and T11.5 the "number of cases" is the number of companies with positive income (gross trading income, other income or gains)

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Table T11.6 Corporation Tax payable by size of liabilities, 2007-08 to 2011-12

This table presents an analysis of Corporation Tax payable arising from Corporation Tax liabilities in the financial years from 2007-08 to 2011-12. It shows the distribution by size of CT liability.

Key points:

1. In 2011-12 about 6,300 companies (representing a smaller number of groups) had liabilities of £500,000 or over, between them contributing around 67% of CT payable.

2. Those paying less than £10,000, about 65% of the total number of taxpayers in 2011-12, paid only five percent or about £2.2 billion out of the total CT payable of £43.8 billion.

3. In 2011-12, 35 companies had more than £100 million each in CT liabilities (totalling £9.1 billion or 21% of the total CT payable.). In 2010-11 there were 39 companies paying £9.5 billion.

4. Overall, 975 thousand companies had a CT liability in 2011-12 compared with 905 thousand in 2010-11, an increase of eight per cent.

T11.6 Corporation tax

Corporation tax payable after set-offs by year of liability

Classified by size, financial years 2007-08 to 2011-12[1]

Numbers: actual; Amounts: £ millions

Amount of tax payable (lower limit) £	2007-08		2008-09		2009-10		2010-11		2011-12	
	Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount
>0	62,130	2	59,078	2	54,580	2	47,837	1	50,321	2
100	73,194	20	62,251	17	58,039	16	57,430	16	63,711	18
500	53,260	39	46,670	34	47,238	35	48,453	36	54,305	40
1,000	256,331	716	237,898	669	243,604	683	252,864	710	272,437	759
5,000	173,959	1,258	173,568	1,258	172,969	1,252	182,345	1,318	193,162	1,401
10,000	240,912	4,930	252,718	5,116	242,871	4,882	262,370	5,291	283,966	5,735
50,000	27,554	1,854	26,950	1,814	24,725	1,676	26,984	1,835	28,630	1,957
100,000	22,451	4,681	20,421	4,176	18,758	3,802	21,083	4,309	22,572	4,590
500,000	3,206	2,224	2,684	1,858	2,407	1,664	2,770	1,933	2,919	2,018
1,000,000	2,774	5,688	2,290	4,702	2,180	4,499	2,492	5,099	2,539	5,193
5,000,000	433	3,066	344	2,390	341	2,355	376	2,628	370	2,610
10,000,000	406	8,515	328	6,677	318	6,744	368	7,603	369	7,291
50,000,000	59	4,081	41	2,826	38	2,637	46	2,957	46	3,068
100,000,000	38	8,057	39	10,898	32	7,887	39	9,500	35	9,074
All ranges	916,708	45,132	885,280	42,438	868,100	38,132	905,457	43,237	975,385	43,755

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

(Tables T11.6 to T11.8)

Notes on the tables
Corporation Tax payable

1. The analyses by industry use the two 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 Annex D within "Corporation Tax Statistics"

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

3. Table T11.6 and T11.7 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 T11.3, T11.4 and T11.5. Table T11.6 shows a distribution by size of Corporation Tax payable. Table T11.7 shows a distribution by industry

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Table T11.7 Corporation Tax payable by sector, 2007-08 to 2011-12

This table presents an analysis of Corporation Tax payable arising from CT liabilities in the financial years from 2007-08 to 2011-12. It shows the distribution by industry sector. Information about the industrial classification used (the HMRC Summary Trade Classification) can be found in Annex D.

Key points:

1. 975 thousand companies in 2011-12 had CT payable of £43.8 billion. This is from 1.3 million companies with trading profits or other income (see Table T11.5).

2. ‘Energy and water supply’ was the largest sector in terms of CT payable in 2011-12 with £9.6 billion payable

3. Followed by ‘Business services’ with £9.2 billion, and ‘Banking, finance and insurance’ with £6.5 billion, ‘Distribution and repairs’ with £5.2 billion and ‘Manufacturing’ overall, with £5.5 billion.

4. ‘Business services’ is by far the largest sector numerically, with 423 thousand CT payers in 2011-12.

T11.7 Corporation tax

Corporation tax payable after set-offs by year of liability

Classified by industry, financial years 2007-08 to 2011-12[1]

Numbers: actual; Amounts: £ millions

Industry	2007-08		2008-09		2009-10		2010-11		2011-12	
	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable	Numbers	Tax Payable
Agriculture, forestry, fishing	11,072	234	11,099	249	10,605	271	10,692	308	11,368	342
Energy and water supply	2,456	7,166	2,577	11,665	2,458	7,259	2,436	9,163	2,666	9,570
Extraction, metal mfg,chemicals	6,978	802	6,523	1,206	5,967	1,219	6,192	1,328	6,493	1,449
Metal goods and engineering	32,852	1,909	31,476	1,976	28,979	1,548	29,558	1,925	31,279	2,005
Other manufacturing	27,877	1,851	25,942	1,622	23,982	1,686	23,800	2,040	24,284	2,055
Construction	91,299	2,503	85,944	1,941	78,535	1,621	77,452	1,611	80,784	1,560
Distribution and repairs	94,609	5,220	88,041	4,776	84,083	5,157	83,280	5,604	84,558	5,173
Hotels and catering	24,277	594	22,345	499	21,135	532	20,506	588	21,261	641
Transport and communication	26,905	994	23,011	938	21,228	932	20,821	1,031	21,834	1,181
Banking, finance and insurance	25,178	11,568	23,064	6,730	21,551	7,728	21,818	7,525	22,257	6,535
Business services	415,791	9,907	389,494	8,341	375,330	7,489	388,485	8,669	422,716	9,221
Other services	65,923	1,480	65,598	1,344	63,083	1,356	65,214	1,671	71,177	1,907
Overseas activities	203	10	308	16	381	5	454	11	427	17
Not classified	91,288	894	109,857	1,136	130,784	1,328	154,750	1,763	174,279	2,100
Total[2]	916,708	45,131	885,280	42,438	868,100	38,132	905,457	43,237	975,383	43,755

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

[2] Number of companies with Corporation Tax payable.

(Tables T11.6 to T11.8)

Notes on the tables

Corporation Tax payable

1. The analyses by industry use the two 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 Annex D within "Corporation Tax Statistics"

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

3. Table T11.6 and T11.7 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 T11.3, T11.4 and T11.5. Table T11.6 shows a distribution by size of Corporation Tax payable. Table T11.7 shows a distribution by industry

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Table T11.8 Comparison of Corporation Tax liabilities between 2010-11 and 2011-12

This table shows the extent of variation in companies' Corporation Tax payable between 2010-11 and 2011-12.

Key points:

1. Of the 975 thousand companies who had CT payable in 2011-12, 236 thousand had no Corporation Tax payable in 2010-11.

2. Conversely, out of the 906 thousand companies who had CT payable in 2010-11, 167 thousand of these same companies had no CT payable in 2011-12.

3. Of the 1.1 million companies who had CT payable in either 2010-11 and/or 2011-12, about 65% had CT payable in both years.

T11.8 Corporation tax

Corporation tax payable after set-offs in financial years 2010-11 and 2011-12[1]
Numbers in each size category of liability

Numbers: actual

Tax payable in 2010-11 (lower limit)	Tax payable in 2011-12 (lower limit) £							
£	0	>0	1,000	5,000	10,000	100,000	500,000	All ranges
0	745,219	68,718	73,040	40,832	50,495	2,466	795	981,564
>0	59,598	57,130	26,717	6,054	4,121	112	19	153,751
1,000	52,870	31,023	115,190	36,765	16,729	300	41	252,918
5,000	24,955	6,995	39,123	73,054	37,938	289	31	182,386
10,000	26,584	4,248	18,013	36,146	197,769	6,444	216	289,420
100,000	1,987	163	259	249	5,300	12,030	1,098	21,087
500,000	817	22	36	21	177	925	4,094	6,093
All ranges	912,030	168,299	272,378	193,122	312,529	22,567	6,295	1,887,219

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

(Tables T11.6 to T11.8)

Notes on the tables
Corporation Tax payable

1. The analyses by industry use the two 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 Annex D within "Corporation Tax Statistics"

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

3. Table T11.6 and T11.7 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 T11.3, T11.4 and T11.5. Table T11.6 shows a distribution by size of Corporation Tax payable. Table T11.7 shows a distribution by industry

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The next scheduled release is in August 2014, which will show Corporation Tax receipts and Bank Levy figures for 2013-14.

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:

www.surveymonkey.com/s/dbtsurvey1

Table T11.9 & T11.10 Capital allowance claims

These tables show capital allowances due each year from 1973-74 to 2011-12, with an industry sector breakdown from 2007-08 onwards. The figures for capital allowances are before any claw-back for balancing charges and are therefore higher than the corresponding figures shown in Tables T11.3-5 (which do take account of this). Information about the industrial classification used in table T11.10 (the HMRC Summary Trade Classification) can be found in Annex D.

Key points:

1. Claims for capital allowances on qualifying assets increased from 2010-11 by £7 billion (nine per cent) in 2011-12 to £82.4 billion.

2. ‘Energy and water supply’ claimed most in the way of capital allowances in 2011-12 with claims of £20.6 billion. This was an increase of 23% on the previous year.

3. Companies in ‘Energy and water supply’ claimed allowances of £20.6 billion followed by ‘Business services’ (£13.5 billion), ‘Transport and communication’ (£9.9 billion), ‘Distribution and repairs’ (£8.3 billion) and ‘Banking, finance and insurance’ (£7.9 billion). It should be noted that most of the claims in respect of ‘banking’ would be in respect of assets leased to other sectors such as transport and manufacturing.

4. As in all previous years, the bulk of the claims in 2011-12 were in respect of allowances on plant and machinery. These claims have increased by ten per cent in 2011-12 from 2010-11.

5. Claims in respect of ‘Industrial buildings’ decreased to £0.2 billion, a drop of 82%. This is due to the phased withdrawal of this allowance from 1st April 2008.

6. The Annual Investment Allowance (AIA) has increased from £4.4 billion in 2009-10 to £6 billion in 2010-11 and £7.2 billion in 2011-12.

7. It is interesting to note how the proportion of AIA to the total of ‘Plant and machinery and vehicles’ varies from sector to sector, being lowest where the company size is likely to be largest. There is a maximum allowance, it was £100,000 in 2010-11 and companies in groups are entitled to only a single AIA between them in respect of qualifying expenditure.

T11.9 Corporation tax
Capital allowances due 1973-74 to 2011-12 summary

Amounts: £ millions

Year[1]	Total	Type of asset etc.			Type of allowance[2]		
		Plant and machinery and vehicles[6]	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[5]	67,510	61,511	2,531	3,468	..	..	..
2006-07	81,577	70,460	2,603	8,515	..	..	..
2007-08	76,389	66,888	2,500	7,000	..	..	..
2008-09[6]	72,478	62,715	2,223	7,540	..	..	..
2009-10	76,167	65,576	1,588	9,003	..	..	..
2010-11	75,453	64,087	855	10,511	..	..	..
2011-12	82,369	70,751	152	11,466	..	..	..

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

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

T11.10

Corporation tax
Capital allowances due 2007-08 to 2011-12[1], by industry

Amounts: £ millions

Industry	Plant and machinery and vehicles									Industrial buildings				
	2007-08	2008-09[2]	*of which 'AIA'*	2009-10	*of which 'AIA'*	2010-11	*of which 'AIA'*	2011-12	*of which 'AIA'*	2007-08	2008-09	2009-10	2010-11	2011-12
Agriculture, forestry, fishing	530	523	*108*	581	*193*	630	*261*	738	*355*	15	10	8	4	1
Energy and water supply	10011	9,979	*11*	11,713	*19*	10,704	*28*	14,082	*36*	382	314	228	120	12
Extraction, metal mfg, chemicals	2755	2,155	*55*	2,607	*82*	2,547	*118*	2,567	*148*	174	138	95	54	11
Metal goods and engineering	5150	5,012	*185*	3,325	*288*	4,229	*386*	4,626	*496*	268	225	131	73	15
Other manufacturing	4060	3,220	*168*	3,452	*265*	3,386	*368*	3,383	*441*	279	228	157	87	22
Construction	2423	2,233	*297*	2,114	*452*	2,086	*551*	2,338	*644*	111	81	55	30	6
Distribution and repairs	7866	7,470	*388*	7,802	*645*	7,633	*847*	7,991	*976*	143	119	78	44	10
Hotels and catering	1676	1,432	*99*	1,478	*171*	1,520	*226*	1,626	*259*	250	212	155	94	18
Transport and communication	7688	8,503	*144*	9,048	*244*	8,097	*334*	8,905	*413*	559	571	448	250	33
Banking, finance and insurance	10268	7,641	*54*	7,436	*84*	7,154	*118*	7,064	*134*	21	14	8	4	1
Business services	11223	11,078	*699*	11,670	*1,153*	11,668	*1,545*	12,304	*1,844*	214	159	120	67	15
Other services	2166	1,940	*197*	2,094	*335*	2,189	*438*	2,294	*509*	57	44	84	15	4
Overseas activities	3	3	*0*	6	*1*	7	*1*	6	*1*	0	0	0	0	0
Not classified	1070	1,526	*236*	2,250	*518*	2,239	*769*	2,826	*953*	28	108	21	13	3
All industries	66,888	62,715	*2,640*	65,576	*4,450*	64,087	*5,991*	70,751	*7,208*	2,500	2,223	1,588	855	152

Industry	Other assets					All assets				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Agriculture, forestry, fishing	36	32	26	33	20	581	565	615	667	760
Energy and water supply	4470	4,675	5,484	5,873	6,503	14,863	14,967	17,424	16,697	20,598
Extraction, metal mfg, chemicals	376	416	615	411	520	3,305	2,709	3,317	3,011	3,099
Metal goods and engineering	101	128	227	318	239	5,519	5,364	3,682	4,620	4,880
Other manufacturing	57	66	86	162	137	4,396	3,514	3,694	3,635	3,542
Construction	11	14	16	165	142	2,544	2,328	2,185	2,281	2,485
Distribution and repairs	106	122	148	445	339	8,115	7,711	8,027	8,122	8,340
Hotels and catering	19	23	28	53	76	1,945	1,668	1,661	1,667	1,720
Transport and communication	603	685	664	661	992	8,849	9,759	10,161	9,007	9,931
Banking, finance and insurance	338	298	576	720	813	10,627	7,953	8,021	7,878	7,878
Business services	700	794	830	1,324	1,172	12,138	12,030	12,620	13,059	13,492
Other services	124	87	116	106	99	2,347	2,071	2,294	2,310	2,396
Overseas activities	5	5	8	7	10	8	8	14	14	16
Not classified	53	195	178	234	404	1,151	1,830	2,449	2,486	3,233
All industries	7,000	7,540	9,003	10,511	11,466	76,389	72,478	76,167	75,453	82,369

[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 T11.9 and 11.10)

Notes on the Tables
Capital Allowances due by industry

1. The analyses by industry use the two 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 Annex D within “Corporation Tax Statistics”

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

3. Tables T11.9 and T11.10 give estimates of the Capital Allowances due each year whether or not they were used against profits of the year shown. The totals differ from those in Tables T11.3 to T11.5, mainly because the latter are net of balancing charges

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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

Data sources

Receipts

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

Liabilities

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

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

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

For years shown from 2005-06 onwards, data from 100% of companies is used.

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 systematic record of the company's Corporation Tax calculations, starting with its income and chargeable gains and taking into account any relevant deductions and reliefs.

Checks carried out on the data include:

- 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 that 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, and
- Total CT receipts figures are checked for consistency with the latest HMRC financial outturn position.

A large company may trade at many different locations throughout the UK. However, its Corporation Tax return will be made on behalf of the whole company and linked to its registered office address. A geographical breakdown would show all the company's profits and tax liability as originating at the location of the registered office, which does not reflect the company's actual business activities. Therefore, Corporation Tax 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

For companies 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. For companies where no data has been received for any year, so called 'inactive cases', they are excluded prior to the imputation stage, Grossing is then applied to scale up the sample results to represent the entire population.

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

Company Corporation Tax assessments are subject to revision and although the majority of assessments are finalised within two years, there are exceptional cases, which can take much longer. There is, therefore, no specific point at which all the Corporation Tax liabilities for a particular year can be considered as 'final'. 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
- late submission of the company's tax return, replacing the imputed figures in the previous release of the statistics

For the calculations necessary to show the profits breakdown by small profits rate, marginal small profits rate and main rate in Table T11.3, an average effective tax rate is calculated for each company. This includes companies where their accounting period span two financial years and/or the company accounting practices mean they can charge certain parts of their activity at the 20 percent rate. This calculation is undertaken as part of the database production process by dividing the tax by the profits chargeable across the full company. This effective tax rate is used to classify companies by CT rate, resulting in some companies being counted as 'small profits rate' on average even if some parts of their activity would be taxed at the higher rate.

The total CT liability typically decreased by around 4% from when it was first published to when it was revised in the following year's statistics when using the sample database. Changes in subsequent years were then smaller but could 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 would necessarily apply in future. In addition, it remains to be seen whether these effects will be reduced when using the complete database rather than the sample database.

Reliability of the estimates

Potential sources of error

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 that 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. Statistics that are more accurate will be available a year later, by which time almost all companies will have completed returns and assessments.

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

Annex B: Glossary

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

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

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

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

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

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

CT Liabilities
: The amount of Corporation Tax that companies have to pay to HMRC. 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)

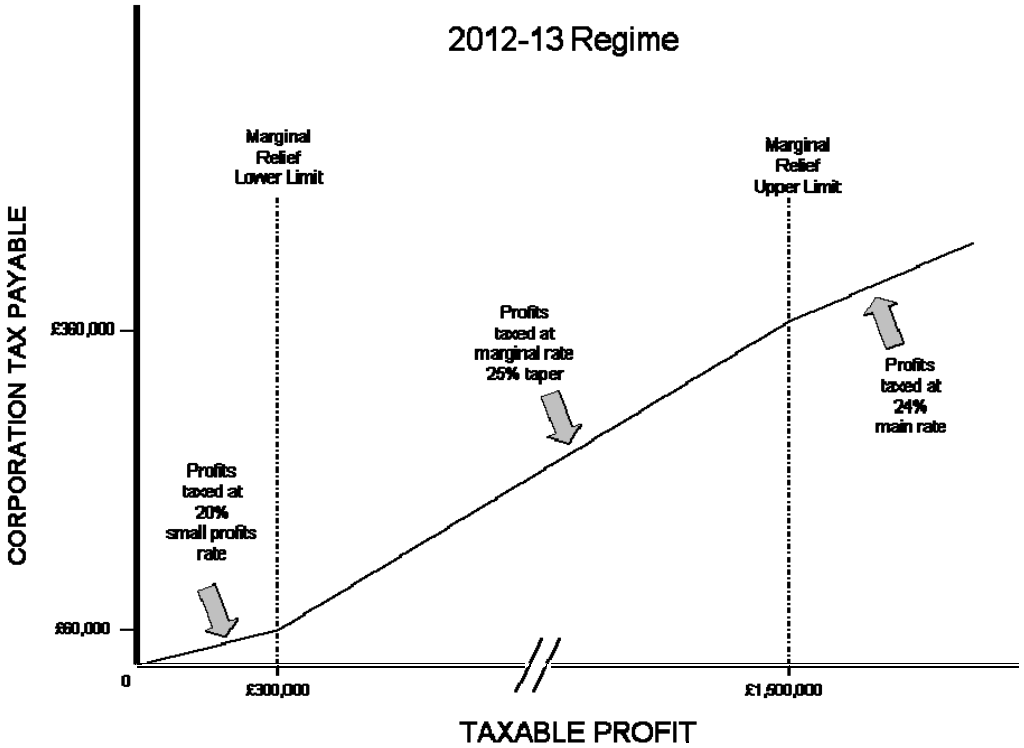
Summary Trade Classification (STC) codes are 2-digit codes used by HMRC to classify companies by their type of business activity. This classification is based on the Standard Industrial Classification SIC (92).

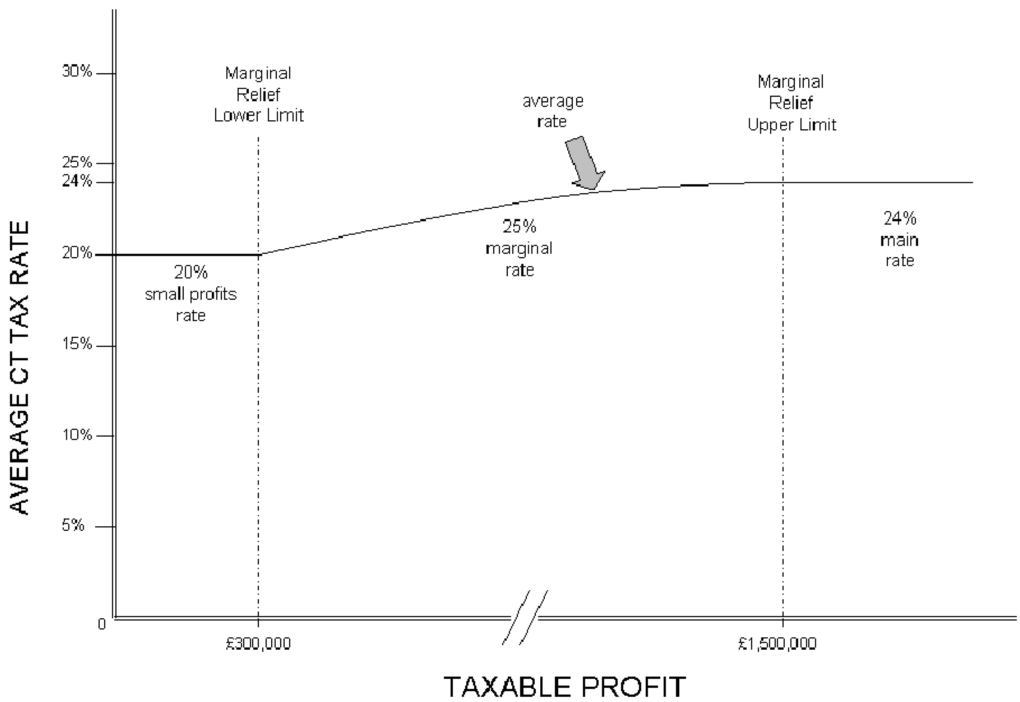
Trust Statement

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 2012-13 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.





CT tax payable calculations

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 25% on the remainder, so that by £1.5 million they are paying at an average rate of 24% (the main rate of CT).

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:
CT = 24% x £500,000 = £120,000.
Because the profits are less than the upper limit of £1.5m, the company can claim marginal relief, which is calculated as follows:
Marginal relief = (Upper limit – Profits) x Standard Fraction
= (£1.5m - £500,000) x 1/100 = £10,000
So, CT payable = £120,000 – £10,000 = £110,000.

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 £25%.
CT payable = (£300,000 x 20%) + (£200,000 x 25%)
= £60,000 + £50,000 = £110,000.

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 coding for individual companies has been assigned by HMRC staff primarily based on 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, ***11***[2], ***23***[2], 40, 41, ***93***[2]	05, ***06***[2], ***08***[2], 09, ***19***[2], ***24***[3], 35, 36
Extraction, metal mfg, chemicals	10 - 13	12, 13, 14, ***17***[2], 24, 26, ***27***[2], ***28***[3]	07, ***08***[2], ***13***[2], ***20***[2], 21, 23, ***24***[3], ***25***[3], ***32***[3], ***96***[2]
Metal goods and engineering	14 - 19	***22***[2], ***27***[2], ***28***[3], ***29***[2], 30, 31, 32, 33, 34, 35, ***36***[2], ***45***[2], ***50***[2], ***92***[2]	***18***[2], ***24***[3], ***25***[3], 26, 27, 28, 29, 30, ***31***[2], ***32***[3], 33, ***43***[2], ***45***[2], ***59***[2]
Other manufacturing	20 -29	15, 16, ***17***[2], 18, 19, 20, 21, ***22***[2], 25, ***28***[3], ***29***[2], ***36***[2], 37	10, 11, 12, ***13***[2], 14, 15, 16, 17, ***18***[2], ***20***[2], 22, ***25***[3], ***31***[2], ***32***[3], ***38***[2], ***58***[2]
Construction	30	***45***[2]	***41***[2], 42, ***43***[2]
Distribution and repairs	35 - 37	***50***[2], ***51***[2], 52	***45***[2], ***46***[2], 47, ***95***[2]
Hotels and catering	38	55	55, 56
Transport and communication	40 - 43	60, 61, 62, ***63***[2], 64	49, 50, 51, 52, 53, 61, ***79***[2]
Banking, finance and insurance	50 - 55, 57, 58	65, 66, 67	64, 65, 66
Business services	60 - 66, 70-72	70, 71, 72, 73, ***74***[3]	***41***[2], ***58***[2], 62, 63, 68, 69, 70, 71, 72, 73, ***74***[2], 77, ***78***[2], 80, ***82***[2], ***95***[2]
Other services	75 - 82	***63***[2], ***74***[3], 80, 85, 90, 91, ***92***[2], ***93***[2]	37, ***38***[2], ***59***[2], 60, ***74***[2], 75, ***78***[2], ***79***[2], 81, 85, 86, 87, 88, 90, 91, 92, 93, 94, ***96***[2]
Overseas activities	85 - 87	***11***[2], ***23***[2], ***51***[2], ***74***[3]	***06***[2], ***19***[2], ***46***[2], ***82***[2]
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.

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