

LBCA Chartered Accountants Corporation Tax Rates

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Corporation Tax rates

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Corporation Tax rates

Introduction

A company or organisation, is normally liable for Corporation Tax on any taxable profits. To work out how much Corporation Tax you have to pay, you need to know the Corporation Tax rate(s) that apply.

There are two rates of Corporation Tax that could apply - depending on your company or organisation's taxable profits - the Small Profits Rate and the main rate. This guide sets out the Corporation Tax rates for financial years between 1 April 2008 - 1 April 2011, as well as the Marginal Relief available to companies whose profits fall between the two rate bands.

Corporation Tax rates for financial years 2008 - 2011

The table below shows the Corporation Tax rates applicable for the financial years from 1 April 2008 - 1 April 2011.

Rates for financial years starting on 1 April

	2008	2009	2010	2011
Small Profits Rate*	21%*	21%*	21%*	-
Small Profits Rate can be claimed by qualifying companies with profits at a rate not exceeding	£300,000	£300,000	£300,000	-
Marginal Relief lower limit	£300,000	£300,000	£300,000	-
Marginal Relief upper limit	£1.5 million	£1.5 million	£1.5 million	-
Standard fraction	7/400	7/400	7/400	-
Main rate of Corporation Tax	28%*	28%*	28%*	28%*
Special rate for unit trusts and open-ended investment	20%	20%	20%	-

Corporation Tax rates

companies				
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From 1 April 2010 onwards, the terminology used to describe some Corporation Tax rates and reliefs changed. This table reflects the new terminology but for ease the changes are shown below:

- Small Profits Rate - previously Small Companies' Rate
- Marginal Relief - previously Marginal Small Companies' Relief
- standard fraction - previously Marginal Small Companies' Relief fraction
- ring fence fraction - previously Marginal Small Companies' Relief fraction (ring fence profits)

The main rate of Corporation Tax applies when profits - including ring fence profits - are at a rate exceeding £1.5 million, or where there is no claim to another rate, or where another rate does not apply.

Ring fence companies

* For companies with ring fence profits (income and gains from oil extraction activities or oil rights in the UK and UK Continental Shelf) these rates differ. The Small Profits Rate of tax on those profits is 19 per cent and the ring fence fraction is 11/400 for financial years starting 1 April 2008, 2009 and 2010. The main rate is 30 per cent for financial years starting on 1 April 2009, 2010 and 2011.

Corporation Tax on chargeable gains

Indexation Allowance allows for the effects of inflation when calculating the chargeable gains of companies or organisations.

[Find information on Corporation Tax on chargeable gains: Indexation Allowance on the HM Revenue & Customs \(HMRC\) website - Opens in a new window.](#)

Related web sites you might find useful

[Corporation Tax on Chargeable Gains: Indexation Allowance on the HMRC website - Opens in a new window](#)