



### About this release

This publication provides a breakdown of Corporation Tax (CT) receipts and liabilities by number of companies, income, allowances, deductions, industry sector and financial year. It includes the CT, Bank Levy and Bank Surcharge receipts figures for the financial year ending 31 March 2019 and the first published CT liability estimates for company accounting periods ending in 2017-18. Receipts data is based on payments paid by companies to HMRC. Liabilities data is based on assessments provided to HMRC by companies.

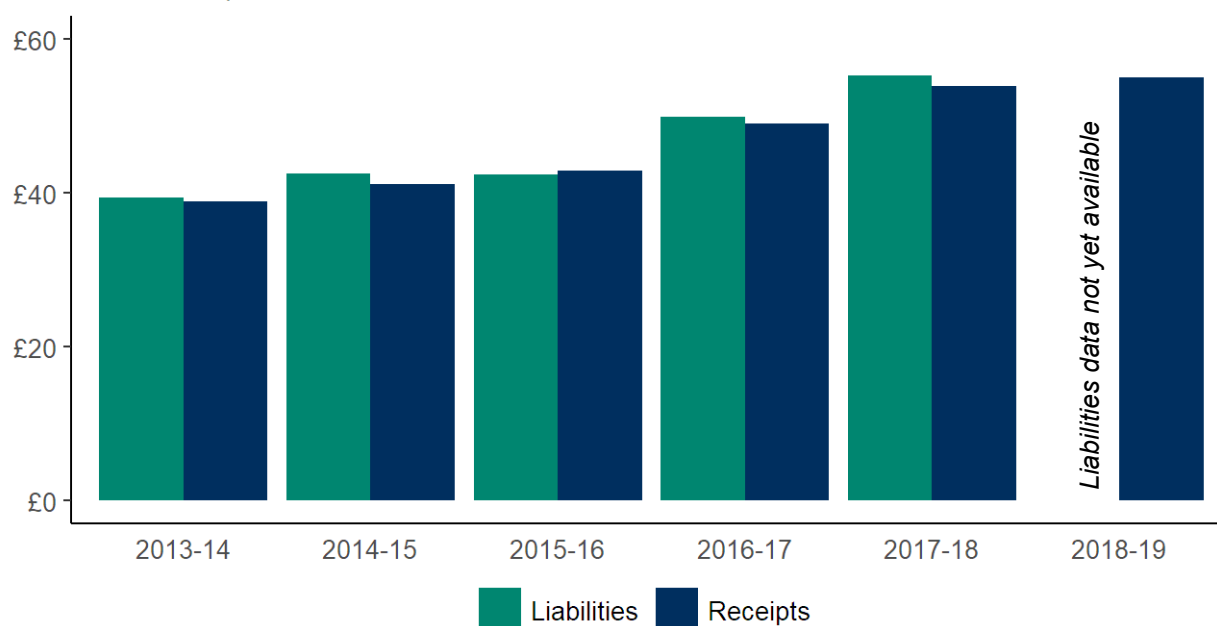
### Key Findings

CT receipts and liabilities continue to rise.

- The increase in liabilities is mainly driven by the largest companies paying more.
- The Financial and Insurance sector reported increasing liabilities in 2017-18 but decreasing receipts in 2018-19.
- There is an increase in the number of companies liable for CT.

CT liabilities and receipts, 2013-14 to 2018-19.

Liabilities and receipts in £ billions



Source: Tables 11.1a & 11.1b

### Publication info

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**Media contact:** HMRC Press Office 03000 585018

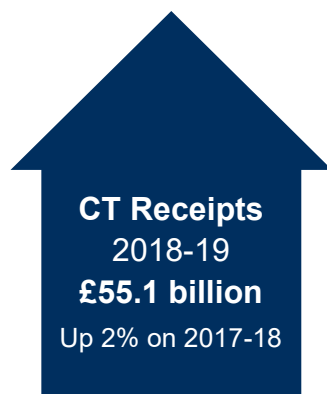
**Statistical contacts:** ct.statistics@hmrc.gov.uk

Receipts—Damian Pritchard

Liabilities—Maeve McMahon / Stephen Hughes

For key definitions, guidance and references, see the published statistical tables, and the Methodology and Quality Report:  
<https://www.gov.uk/government/collections/analyses-of-corporation-tax-receipts-and-liabilities>

## Key Statistics



- The increase in CT receipts is largely driven by increased receipts from industrial and commercial sectors, and also from ring fenced oil and gas companies.
- Bank surcharge receipts continue to increase. They rose 5% from 2017-18 to £1.9 billion in 2018-19.
- CT receipts for ring fenced oil and gas companies are up almost 9% from 2017-18 to £1.9 billion in 2018-19. Receipts continued to recover from the 25-year low seen in 2016-17 but remain low in historical context.

- CT liabilities for ring fenced oil and gas companies more than doubled from £0.8 billion in 2016-17 to £1.8 billion in 2017-18, but remain low compared to historic levels.
- CT liabilities for the Finance (excluding life assurance) sector increased by 19% from 2017-18 to £12 billion in 2018-19.
- After a dip in claims for capital allowances in 2016-17, claims increased 10% from £88 billion in 2016-17 to £97 billion in 2017-18.



### What is 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 9% of the total receipts collected by HMRC.

CT 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. For liability statistics within this publication, CT returns are allocated to financial years according to the end date of the accounting period.

The CT receipts and liabilities statistics in this release are presented gross of company tax credits, which means before these credits are deducted from a company's tax bill. This is how CT is reported in the national accounts.

### Recent changes in CT policy

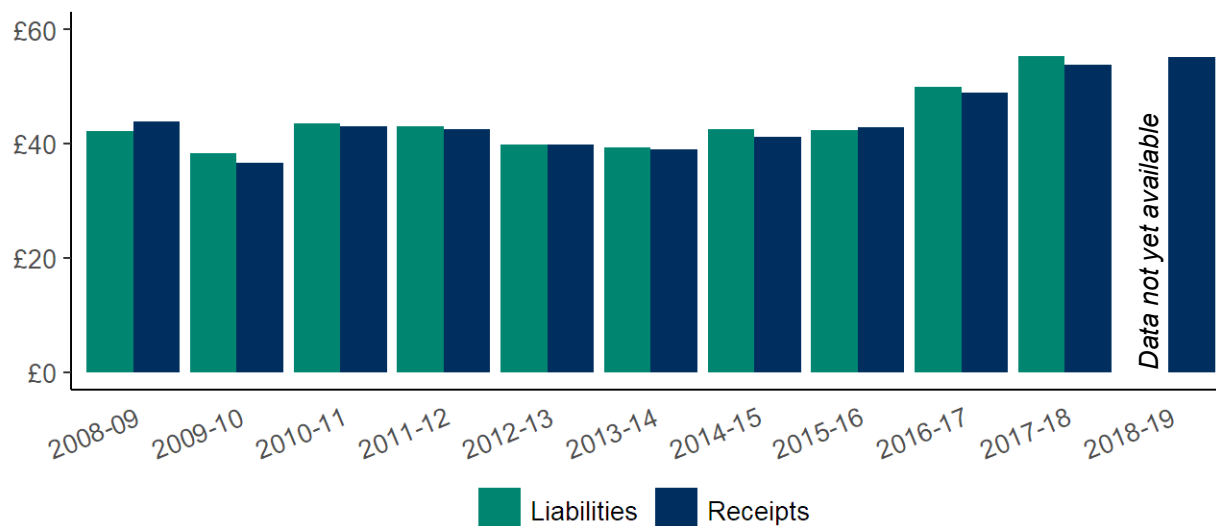
- The CT rate has decreased over the last decade, with the most recent change that affects this publication from 20% to 19% on 1 April 2017.
- New interest restriction rules, which limit the amount of tax relief for deducting net interest and other financing costs, will increase liabilities from 2017-18. The new rules affect companies or company groups that will deduct over £2 million in a 12-month period.
- New restrictions on the total amount of carried forward losses that can be offset against profits will contribute to the increase in liabilities from 2017-18. Banks are subject to separate loss restriction rules that came into effect from 1 April 2016.
- The removal of capital gains indexation allowance will increase receipts from 2018-19, with increasing effects expected in future years.

## CT liabilities and receipts continue to increase.

CT liabilities and receipts have risen every year since 2012-13. CT receipts were £55.1 billion in 2018-19, up 2% on 2017-18. CT liabilities were £55.2 billion in 2017-18, up 10% on 2016-17. These increases have slowed from last year, when CT receipts were up 10% and CT liabilities were up 18%.

### CT liabilities and receipts, 2007-08 to 2018-19.

Liabilities and receipts in £ billions



Source: Tables 11.1a & 11.1b

### Why is there no liabilities data for 2018-19? When do companies pay?



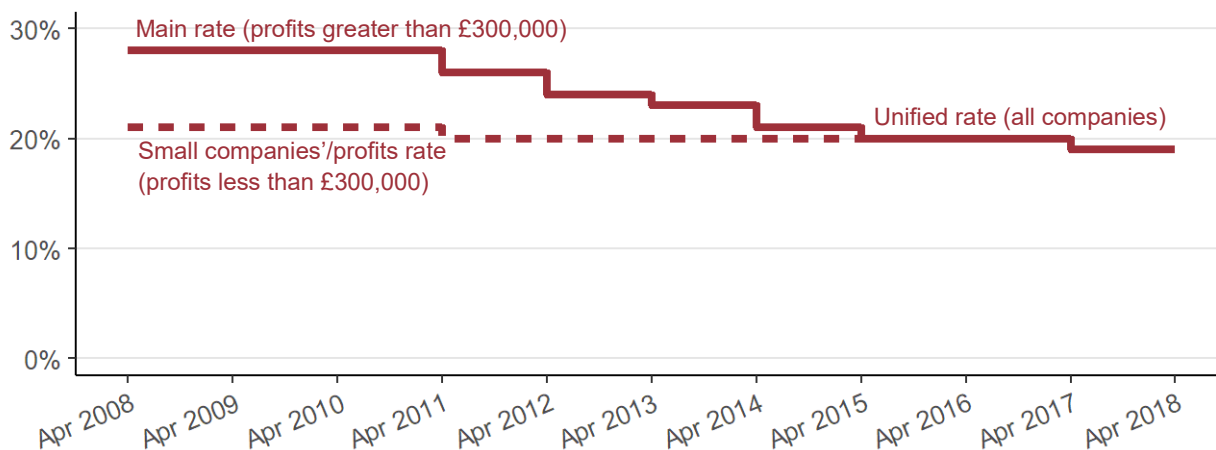
CT receipts information is available for analysis the day after receipts are received by HMRC. However, companies have up to a year to provide HMRC with returns stating their CT liability so the most recent liability information available is for 2017-18 and is subject to revision for several years.



Large companies paid CT using a system of Quarterly Instalment Payments (QIPs) with the first instalment 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. Smaller companies must pay by 9 months after the end of the period. This causes a variable time shift between liabilities and receipts.

### Changes in CT rate, 2008-09 to 2018-19.

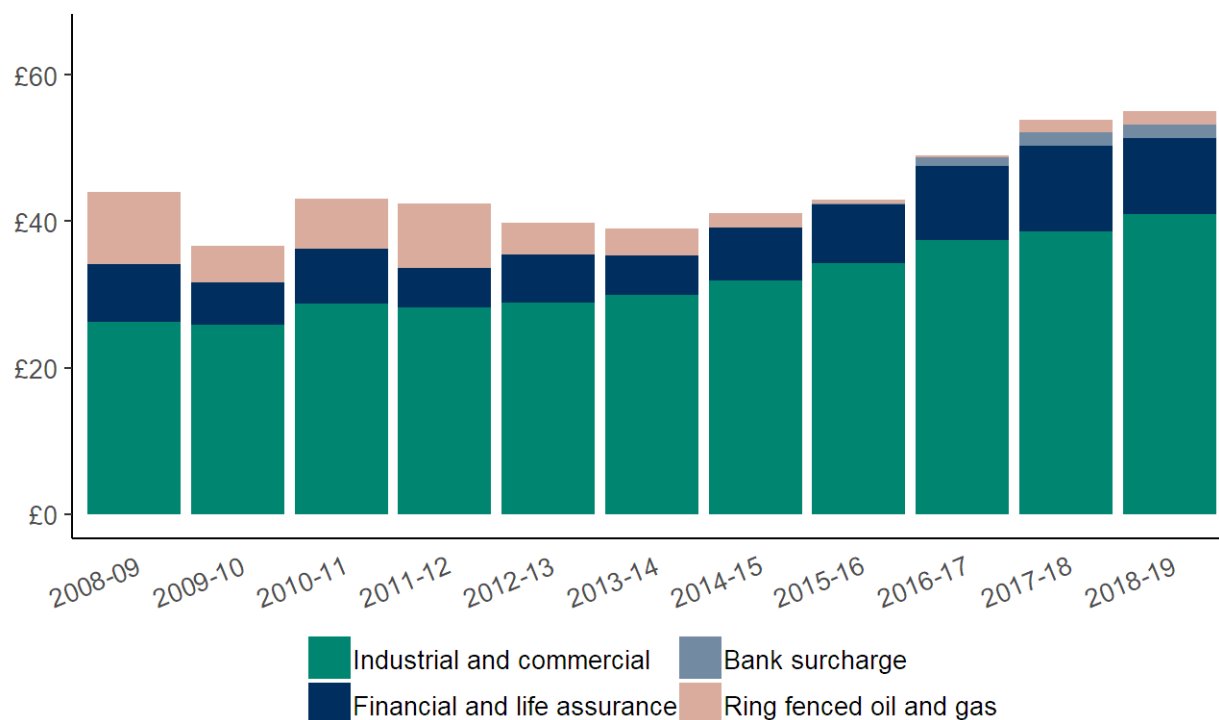
Percentage of CT



## CT receipts increases are driven by a broad base.

CT receipts by broad industry sector, 2008-09 to 2018-19.

Receipts in £ billions



Source: Table 11.1a

Total CT receipts figures have been revised from 2011-12 onwards since the previous publication. See table 11.1a for information.



The Industrial and commercial broad industry sector currently contributes around 80% of all CT receipts.



Financial and life assurance sector receipts have increased by 92% since 2013-14 although there has been a 15% drop in the last year from £11.8 billion to £10.4 billion. In addition, bank surcharge was introduced from 1 January 2016. Bank surcharge receipts have grown every year since their introduction and were £1.9 billion in 2018-19, a 5% increase from 2017-18. Banks also pay bank levy on their balance sheet equity. Bank levy has not been included in the chart above but details can be found in Table 11.1a.

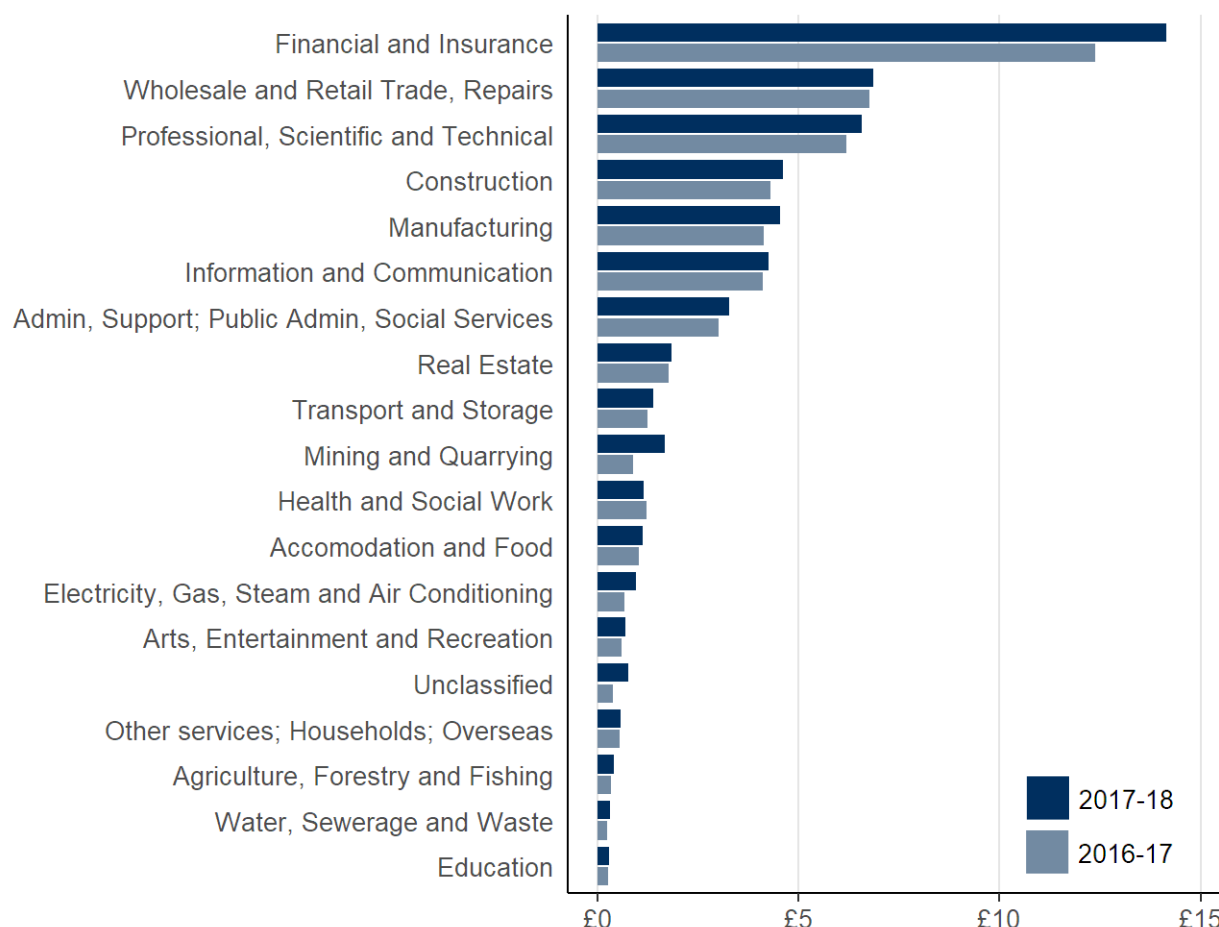


CT receipts from ring fenced oil and gas companies are steadily recovering from the 25-year low of £295 million recorded in 2016-17. In 2018-19, receipts increased 10% following an almost 500% increase in the preceding year, reflecting the improving state of the oil market.

## Growth in CT liabilities is largely driven by the Financial and Insurance sector.

CT liabilities by SIC2007 sector, 2016-17 and 2017-18.

Liabilities in £ billions



Source: Tables 11.4, 11.5



The growth in CT liabilities across almost all sectors is despite a reduction in CT rate from 20% to 19% on 1 April 2017, which affected liabilities incurred during 2017-18. This rate change has been mitigated by new loss and interest restriction rules.



The Financial and Insurance sector was the largest single contributor with liabilities of £14.1 billion in 2017-18 (26% of CT liabilities). This increase from £12.4 billion in 2016-17 was the highest of all sectors.



The Mining and Quarrying sector had the greatest proportional increase in CT liability, a 90% rise from 2016-17 to £1.7 billion in 2017-18.

There are always more Unclassified companies for the most recent financial year, so direct comparisons between years should not be made for this sector.

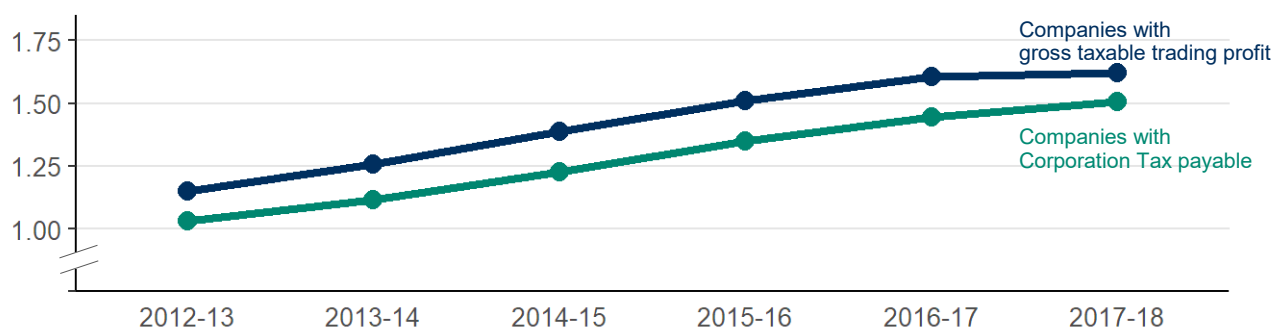
### Why are CT liabilities for Finance and Insurance increasing rapidly?

- Banks' taxable profits have increased.
- Banks' liability for CT has increased through:
  - *Bank surcharge*: a surcharge of 8% on the profits of banking companies levied on accounting periods beginning on or after 1 January 2016.
  - *Loss restriction rules*: a measure restricting the proportion of a banking companies' annual taxable profit that can be offset by brought forward losses, with effect from 1 April 2016.

## The number of companies liable for CT continues to increase.

Companies with gross taxable trading profit and CT payable, 2012-13 to 2017-18.

Number of companies (millions)



Source: Table 11.3



The number of companies with trading profits in accounting periods ending 2017-18 increased slightly on the previous year to 1.6 million. The number of companies with a tax liability was up 4% to 1.5 million. The proportion of companies with gross taxable trading profit with a tax liability has increased from 90% in 2016-17 to 93% in 2017-18, in part due to restrictions on bringing losses forward.

Profits, losses and deductions leading to total chargeable profits, 2017-18.

Values in £ billions



Source: Table 11.5

Components sum to £260 billion (rather than £286 billion) as not all reliefs can be claimed.

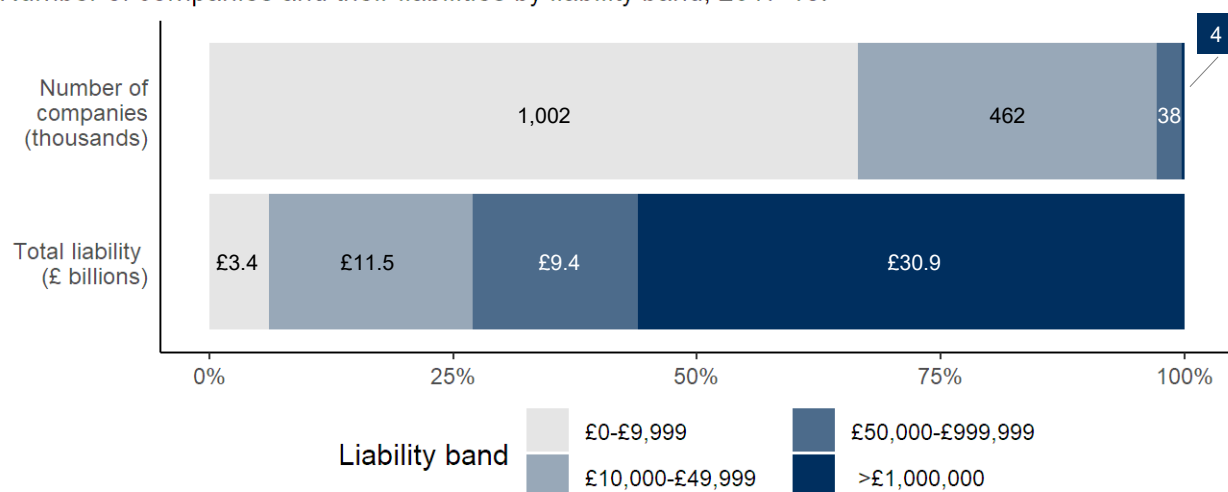
Across all companies, set-offs including capital allowances and group relief reduce companies' CT liability by 53%. This is down from 57% in 2016-17, indicating that companies were not able to offset as much of their gross trading profits and other income as in the previous financial year. These set-offs are affected by recent loss and interest restriction rules, which have begun increasing liabilities from 2017-18.

### How are total chargeable profits calculated?

Gross taxable trading profits are added to other taxable income and net capital gains. Capital allowances and trading losses brought forward from previous years are then set against these profits. Charges, other allowable deductions and group relief are then subtracted, to obtain profits chargeable to CT.

## The largest companies pay a large and increasing amount of CT.

Number of companies and their liabilities by liability band, 2017-18.



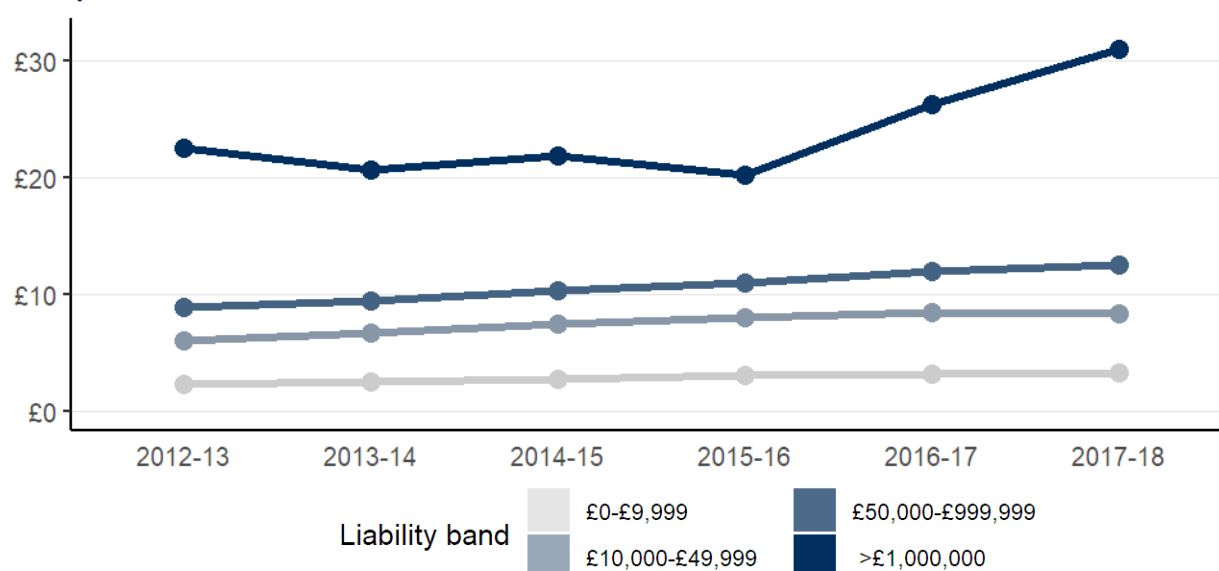
Source: Table 11.6



The distribution of companies' tax liabilities is highly skewed. In 2017-18, roughly 4,400 companies (less than 0.3%) had liabilities over £1 million. They contribute £31 billion, which is more than 50% of total CT liability across all companies. In contrast, 67% of companies have liabilities less than £10,000, and these account for only 6% of total CT liabilities.

Total CT liability by liability band, 2012-13 to 2017-18.

Liability in £ billions



Source: Table 11.6



Every liability band has seen an increase in the number of companies from 2012-13 to 2017-18. Liabilities from all liability bands less than £1 million have steadily increased every year from £17 billion in 2012-13 to £24 billion in 2017-18, an increase of 40%.



Liability from the highest liability band has increased from £26 billion in 2016-17 to £31 billion in 2017-18 primarily due to growth in liability in the Finance and Insurance sector.

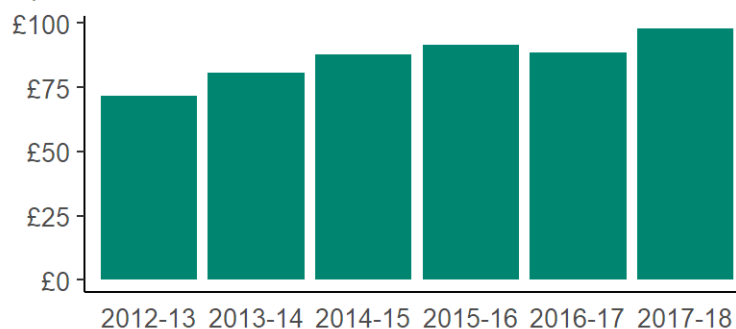
## Capital allowance claims are increasing again after a slight dip.

### What are capital allowances?

Capital allowances are a deduction made against taxable profits for items of capital investment. The most common ways of claiming capital allowances are Annual Investment Allowances, Main and Special Rate Writing Down Allowances, and various other First Year Allowances designed to encourage investment in certain sectors and locations.

### Capital allowance claims, 2012-13 to 2017-18.

Capital allowances in £ billions



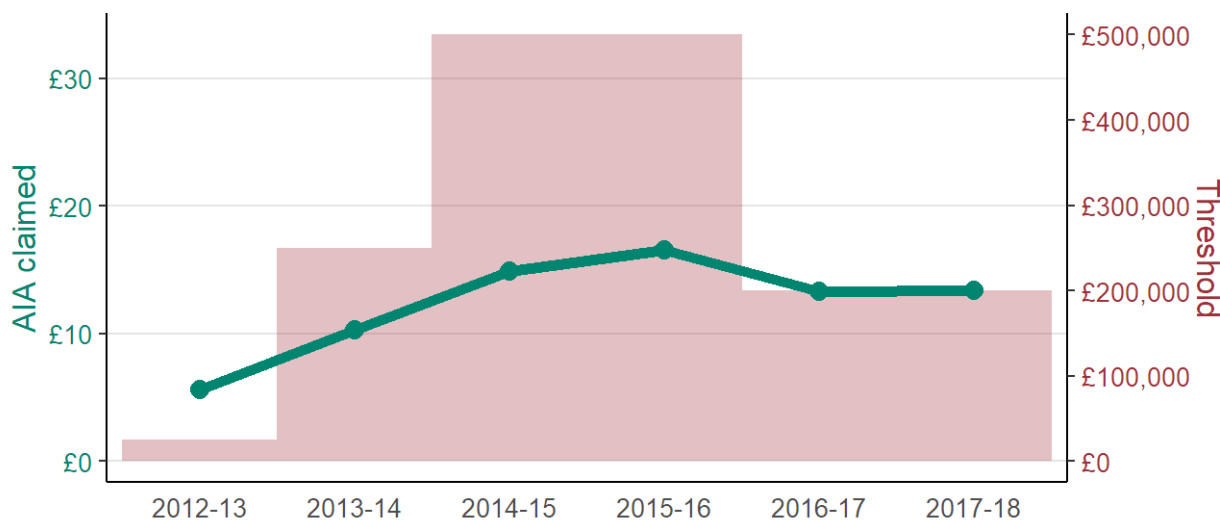
Source: Table 11.9



Over the last 6 years, capital allowance claims have increased by 36%, from £72 billion in 2012-13 to £97 billion in 2017-18. This is despite a £3 billion decrease between 2015-16 and 2016-17.

### Annual Investment Allowance (AIA) claimed and AIA threshold, 2012-13 to 2017-18.

AIA claimed in £ billions. AIA threshold in £s



Source: Table 11.10

*AIA threshold changes occurred during the tax year represented, but may not necessarily have occurred on 1 April of that tax year. The threshold relates to the threshold for the majority of the year.*



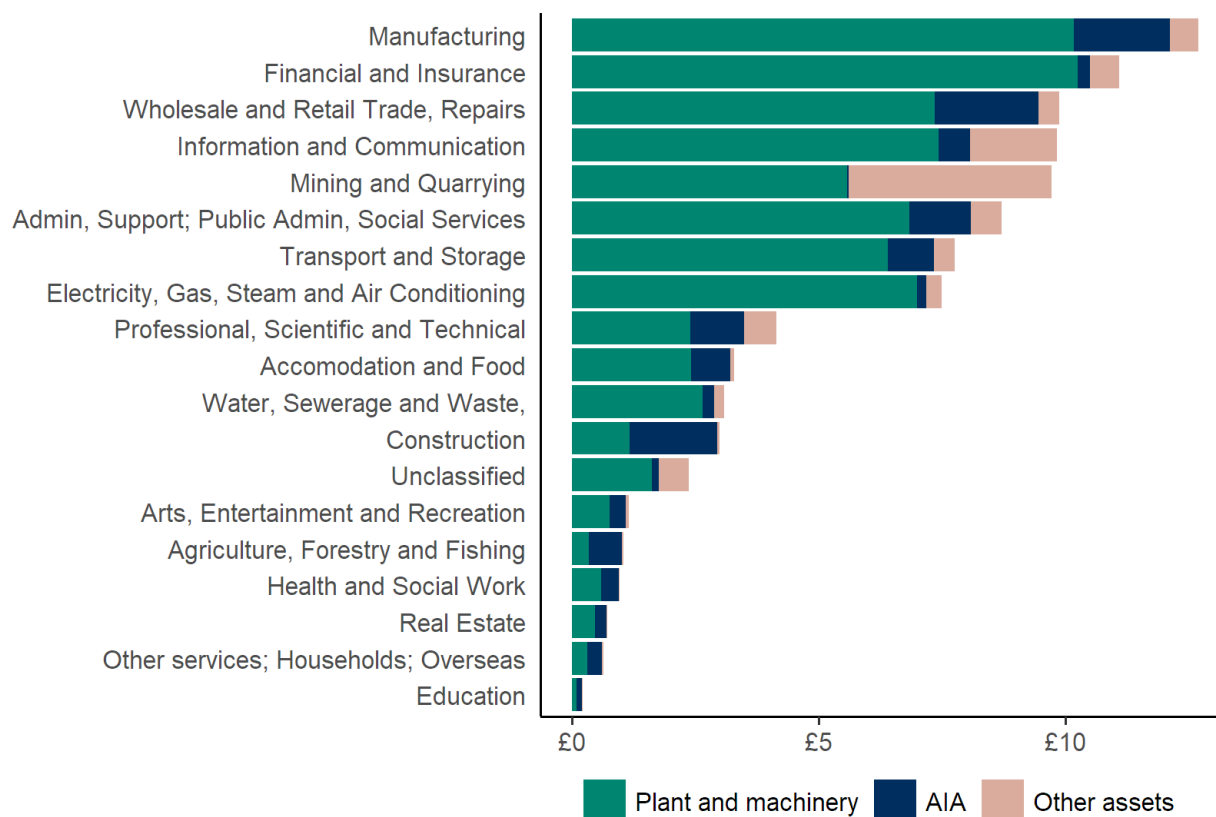
After a 20% drop in AIA claims from 2015-16 to 2016-17, in response to the change in AIA threshold from £500,000 to £200,000, AIA claims have held constant at £13 billion, driven by slight increases in claims in the Manufacturing and Financial and Insurance sectors, and by decreases in claims in the Mining and Quarrying sector.



## Capital allowance claim breakdowns vary by sector.

Allowances by SIC2007 sector and type of allowance, 2017-18.

Allowances in £ billions



Source: Table 11.10



The Manufacturing sector claims the greatest amount of capital allowance overall, accounting for 13% of all capital allowance claims.



Eight sectors account for 80% of capital allowances claims, though these sectors comprise only 42% of all companies liable for CT – Manufacturing; Financial and Insurance, Wholesale and Retail Trade; Information and Communication; Mining and Quarrying; Administrative Support, Public Administration and Social Services; Transport and Storage; and Electricity, Gas, Steam and Air Conditioning.



The Mining and Quarrying sector claims a relatively high proportion of capital allowance in the other assets category. This has remained similar to previous years. It likely reflects the small number of companies in this field (AIA is restricted to one allowance per company group) and the existence of specific Mineral Extraction Allowances.



The Construction sector claims the most AIA as a proportion of their total capital allowance claims, reflecting the large number of smaller companies in this sector.