

Corporation Tax Rates

These rates and limits are for information only and professional advice should be taken before acting on any information contained here. No responsibility can be accepted for any losses as a result of any action taken or not taken as consequence of the contents of the information shown here.

Corporation Tax	2005/06	2006/07	2007/08
Starting rate	0%	N/A	N/A
Small companies' rate	19%	19%	19%
Main rate	30%	30%	30%
Starting rate band £	0 – 10,000	N/A	N/A
Marginal starting relief band £	10,001-50,000	N/A	N/A
Small companies' rate band £	50,001-300,000	0 -300,000	0 -300,000
Marginal small companies' relief band £	300,001-1,500,000	300,001-1,500,000	300,001-1,500,000
Main rate band £	1,500,001 or more	1,500,001 or more	1,500,001 or more
Non-corporate distribution rate (NCDR)	19%	N/A	N/A
Marginal starting relief fraction	$\frac{19}{400}$		
Marginal small companies' relief fraction	$\frac{11}{400}$	$\frac{11}{400}$	$\frac{11}{400}$

See examples on next page

Not applicable from 1st April 2006		
Starting rate marginal relief - example		
For the year ended 31 March 2005		
	£	£
Profit chargeable to corporation tax	25,000	
Corporation tax 25,000 @ 19%		4,750
less Marginal starting relief 19/400 x (50,000-25,000)		(1,188)
Corporation tax payable		3,562
Underlying rate 3,562/25,000		14.25%
Non-corporate Distribution (NCD) - example		
Using above example		
Distribution of £15,000 made on the 1 Jan 2005 of which £5,000 are made to a company.		
The underlying rate of 14.25% is less than the NCDR of 19%		
Matching NCD:		£
NCD = £15,000 - £5,000 = £10,000 @ 19%		1,900
Remaining profits charged at underlying rate £25,000 - £10,000 = £15,000 @ 14.25%		2,138
Corporation tax payable		4,038
Non-corporate Distribution (NCD) - example		
Using above example		
Distribution of £30,000 made on the 1 Jan 2005 of which £10,000 are made to a company, distribution is more than the profits in the period.		
The underlying rate of 14.25% is less than the NCDR of 19%		
NCD = £30,000 - £10,000 = £20,000		
Matching NCD:		£
NCD = £20,000/£30,000 x £25,000 = £16,667 @ 19%		3,167
Remaining profits charged at underlying rate £25,000 - £16,667 = £8,333 @ 14.25%		1,187
Corporation tax payable		4,354
Excess NCD £20,000 - £16,667 = £3,333 carried forward		

Small companies' rate marginal relief - example		
For the year ended 31 March 2006		
	£	£
Profit chargeable to corporation tax	350,000	
Corporation tax 350,000 @ 30%		105,000
less Marginal starting relief 11/400 x (1,500,000-350,000)		(31,625)
Corporation tax payable		73,375
Underlying rate 73,375/350,000		20.96%