

Corporate Tax

Rates for financial years starting on 1 April				
Rate	2009	2010	2011	2012
Small Profits Rate*	21%*	21%*	20%*	
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	£1,500,000	£1,500,000	£1,500,000	
Standard fraction	7/400	7/400	3/200	
Main rate of Corporation Tax*	28%*	28%*	26%*	25%*
Special rate for unit trusts and open-ended investment companies	20%	20%	20%	

Marginal Relief changes from 1 April 2010

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 £1,500,000, 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 2009, 2010 and 2011. 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.