

FACTSHEET 30

What Is Corporation Tax ?

Corporation tax is the tax applied to the profits of a limited company . For smaller companies it is payable in one instalment due within nine months of the company's financial year end . Late payment will attract an interest charge from the Inland Revenue . Corporation tax is payable on any capital gains made by the company (eg gain on sale of property) in addition to the annual trading profits .

There are several rates of corporation tax . For the year commencing 1 April 2006 the rates are :

For first £300,000 of taxable profits 19%
For next £1,200,000 of taxable profits 32.75%
Over £1,500,000 of taxable profits 30%

Each year the trading figures per the company's financial accounts must be entered on to a CT600 Corporation Tax Return . The amount of corporation tax due must be calculated and shown on this Return prior to its submission to the Inland Revenue . Failure to have this Return with the Inland Revenue by twelve months from the company's financial year end will incur penalty .

Trading Losses

Where a limited company incurs trading losses in any financial year there are various reliefs available . Depending on the particular circumstances it may be possible to recover corporation tax paid in previous years .

For further advice and before taking any action please give me a call .

Although care has been taken in the production of this material it represents a brief summary of the topic only . Accordingly , Iain Allan & Co , shall not be liable for any actions , failures to act , or negligence on the part of those to whom the material is disseminated , which results in any liability , loss , claim or proceedings whatsoever and howsoever caused by , on behalf of , or against any person