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Corporation Tax rates and reliefs

1. Rates

The Corporation Tax rate for company profits is **19%**

You pay Corporation Tax at the rates that applied in your company's accounting period for Corporation Tax (<https://www.gov.uk/corporation-tax-accounting-period>).

There are different rates for 'ring fence' profits (<https://www.gov.uk/government/publications/rates-and-allowances-corporation-tax>) of companies involved in oil rights or extraction in the UK or UK continental shelf.

You may be able to get deductions or claim tax credits on your Corporation Tax. These are known as reliefs (<https://www.gov.uk/corporation-tax-rates/allowances-and-reliefs>).

Previous rates

The rate you pay on profits from before 1 April 2016 depends on the size of the profits. Work out your profits when you prepare your Company Tax Return (<https://www.gov.uk/prepare-file-annual-accounts-for-limited-company/prepare-a-company-tax-return>).

Your profits	From 1 April 2016	From 1 April 2015	From 1 April 2014
£300,000 or less	20%	20%	20%
Above £300,000	20%	20%	21%

If you had profits between £300,000 and £1.5 million before 1 April 2015, you may be able to claim Marginal Relief (<https://www.gov.uk/corporation-tax-marginal-relief>) to reduce your Corporation Tax.

If your accounting period is shorter than 12 months

The small profits rate and main rate are for a whole year. The thresholds reduce in line with your accounting period. For example, if your accounting period is 6 months, the £300,000 small profits threshold is halved to £150,000.

Associated companies

One company is associated with another if either:

- one company controls the other
- both companies are controlled by the same companies or people

This means they have a shared tax threshold. For example, if one company owns 3 others, divide the threshold by 4. The small profits threshold is then £75,000 for each company.

If more than one rate applies in your accounting period

Work out how many days each rate applied, then work out the tax due for each.

For example, if your accounting period (<https://www.gov.uk/corporation-tax-accounting-period>) is 1 March 2015 to 29 February 2016, you pay:

- the rate for the financial year starting 1 April 2014 for 31 days (1 March to 31 March)
- the rate for the financial year starting 1 April 2015 for 335 days (1 April to 29 February)

2. Allowances and reliefs

You can deduct the costs of running your business from your profits before tax when you prepare your company's accounts (<https://www.gov.uk/prepare-file-annual-accounts-for-limited-company/prepare-annual-accounts>).

Anything you or your employees get personal use from must be treated as a benefit (<https://www.gov.uk/employer-reporting-expenses-benefits>).

Some expenses aren't allowed for Corporation Tax, for example entertaining clients - add these back to your profits when you prepare your Company Tax Return (<https://www.gov.uk/prepare-file-annual-accounts-for-limited-company/prepare-a-company-tax-return>).

Capital allowances

Claim capital allowances (<https://www.gov.uk/capital-allowances>) if you buy assets that you keep to use in your business, for example:

- equipment
- machinery
- business vehicles, for example cars (<https://www.gov.uk/capital-allowances/business-cars>), vans, lorries

Other reliefs

You may be able to make a claim (<https://www.gov.uk/corporation-tax-making-a-claim-or-election>) for:

- Research and Development (R&D) Relief (<https://www.gov.uk/corporation-tax-research-and-development-rd-relief>)
- The Patent Box (<https://www.gov.uk/corporation-tax-the-patent-box>) if your company makes a profit from patented inventions
- reliefs for creative industries (<https://www.gov.uk/corporation-tax-creative-industry-tax-reliefs>) (CITR) if your company makes a profit from theatre, film, television, animation or video games
- Disincorporation Relief (<https://www.gov.uk/corporation-tax-disincorporation-relief>) if you're closing your company and becoming a sole trader, ordinary business partnership or limited partnership

Marginal Relief

You can only claim Marginal Relief (<https://www.gov.uk/corporation-tax-marginal-relief>) if your company had profits between £300,000 and £1.5 million that were either:

- from before 1 April 2015
- from oil rights or extraction in the UK or UK continental shelf