



Finance Act 2011

2011 CHAPTER 11

PART 1

CHARGES, RATES, ALLOWANCES ETC

Corporation tax

4 Main rate for financial year 2011

- (1) In section 2(2)(a) of FA 2010 (main corporation tax rate for financial year 2011 on profits other than ring fence profits), for “27%” substitute “26%”.
- (2) The amendment made by this section is treated as having come into force on 1 April 2011.

5 Charge and main rate for financial year 2012

- (1) Corporation tax is charged for the financial year 2012.
- (2) For that year the rate of corporation tax is—
 - (a) 25% on profits of companies other than ring fence profits, and
 - (b) 30% on ring fence profits of companies.
- (3) In subsection (2) “ring fence profits” has the same meaning as in Part 8 of CTA 2010 (see section 276 of that Act).

6 Small profits rate and fractions for financial year 2011

- (1) For the financial year 2011 the small profits rate is—
 - (a) 20% on profits of companies other than ring fence profits, and
 - (b) 19% on ring fence profits of companies.
- (2) For the purposes of Part 3 of CTA 2010, for that year—
 - (a) the standard fraction is 3/200ths, and

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Changes to legislation: Finance Act 2011, Cross Heading: Corporation tax is up to date with all changes known to be in force on or before 11 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(b) the ring fence fraction is $11/400$ ths.

(3) In subsection (1) “ring fence profits” has the same meaning as in Part 8 of that Act (see section 276 of that Act).

7 Increase in rate of supplementary charge

(1) In section 330 of CTA 2010 (supplementary charge in respect of ring fence trades), in subsection (1), for “20%” substitute “32%”.

(2) The amendment made by subsection (1) has effect in relation to accounting periods beginning on or after 24 March 2011 (but see also subsection (3)).

(3) Subsections (4) to (10) apply where a company has an accounting period beginning before 24 March 2011 and ending on or after that date (“the straddling period”).

(4) For the purpose of calculating the amount of the supplementary charge on the company for the straddling period—

(a) so much of that period as falls before 24 March 2011, and so much of that period as falls on or after that date, are treated as separate accounting periods, and

(b) the company's adjusted ring fence profits for the straddling period are apportioned to the two separate accounting periods in proportion to the number of days in those periods.

(5) But if the basis of apportionment in subsection (4)(b) would work unjustly or unreasonably in the company's case, the company may elect for its profits to be apportioned on another basis that is just and reasonable and specified in the election.

(6) The amount of the supplementary charge on the company for the straddling period is the sum of the amounts of supplementary charge that would, in accordance with subsections (4) and (5), be chargeable on the company for those separate accounting periods.

(7) In relation to the straddling period—

(a) the Instalment Payments Regulations apply as if the amendment made by subsection (1) had not been made, but

(b) those Regulations also apply separately, in accordance with subsection (8), in relation to the increase in the amount of any supplementary charge on the company for that period that arises as a result of that amendment.

(8) In the separate application of those Regulations under subsection (7)(b), those Regulations have effect as if, for the purposes of those Regulations—

(a) the straddling period were an accounting period beginning on 24 March 2011,

(b) supplementary charge were chargeable on the company for that period, and

(c) the amount of that charge were equal to the increase in the amount of the supplementary charge for the straddling period that arises as a result of the amendment made by subsection (1).

(9) Any reference in the Instalment Payment Regulations to the total liability of a company is, accordingly, to be read—

(a) in their application as a result of subsection (7)(a), as a reference to the amount that would be the company's total liability for the straddling period if the amendment made by subsection (1) had not been made, and

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- (b) in their application as a result of subsection (7)(b), as a reference to the amount of the supplementary charge on the company for the deemed accounting period under subsection (8)(a).
- (10) For the purposes of the Instalment Payment Regulations—
- (a) a company is to be regarded as a large company as respects the deemed accounting period under subsection (8)(a) if (and only if) it is a large company for those purposes as respects the straddling period, and
 - (b) any question whether a company is a large company as respects the straddling period is to be determined as it would have been determined if the amendment made by subsection (1) had not been made.
- (11) In this section—
- “adjusted ring fence profits” has the same meaning as in section 330 of CTA 2010;
 - “the Instalment Payments Regulations” means the Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175);
 - “supplementary charge” means any sum chargeable under section 330(1) of CTA 2010 as if it were an amount of corporation tax.

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