ABC Business Services

CORPORATION TAX · GUIDE 4 OF 9

The Company Tax Return & Corporation Tax

When you must file, how tax is calculated, the rates that apply, and the payment deadlines.

You must file a Company Tax Return if HMRC sends a 'notice to deliver' one — and you must file even if you made a loss or owe no tax. Sole traders and partnerships file Self Assessment instead; they do not file a Company Tax Return.

From accounting profit to taxable profit

The profit in your accounts is not the figure you pay tax on. To reach taxable profit you make adjustments — for example, adding back disallowable costs such as client entertaining and depreciation, then deducting capital allowances on qualifying equipment. The return reports this calculation and the resulting Corporation Tax bill.

Corporation Tax rates

For the financial year from 1 April 2025 (unchanged from 1 April 2023), the rates are:

TAXABLE PROFIT	RATE
£50,000 or less	19% (small profits rate)
Between £50,001 and £250,000	25% with marginal relief (tapered effective rate)
Over £250,000	25% (main rate)

> **MARGINAL RELIEF AND ASSOCIATED COMPANIES**
>
> Profits in the middle band attract a tapered effective rate (a marginal rate of around 26.5%). The £50,000 and £250,000 thresholds are shared between 'associated' companies under common control and are reduced for accounting periods shorter than 12 months — so owning more than one company can push you into a higher effective rate.

Always confirm current rates on GOV.UK: Corporation Tax rates, and use the official marginal relief calculator where the middle band applies.

Deadlines

OBLIGATION	DEADLINE
File your Company Tax Return	12 months after the accounting period ends
Pay your Corporation Tax bill	9 months and 1 day after the accounting period ends

You can pay by Direct Debit, online or telephone banking (Faster Payments / CHAPS / Bacs), debit or corporate credit card, or at your bank — see Pay your Corporation Tax bill. Very large companies pay in quarterly instalments. If you owe nothing, you must still tell HMRC.

Doing it yourself or appointing help

You can prepare and file the return yourself, or appoint an accountant or tax agent to act for you. Because the tax adjustments can be technical, many smaller companies use an agent — but the legal responsibility for filing on time always remains with the directors.

OFFICIAL SOURCES Company Tax Returns · Corporation Tax · Rates · Pay your bill

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