



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART I

THE CHARGE TO TAX

Income tax

1 The charge to income tax.

^{F1}

Textual Amendments

F1 S. 1 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 2, [Sch. 3 Pt. 1](#) (with Sch. 2)

[^{F2}1A Application of lower rate to income from savings and distributions.

^{F3}

Textual Amendments

F2 S. 1A inserted (with effect in accordance with s. 73(3) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), s. 73(1)

F3 S. 1A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 2, [Sch. 3 Pt. 1](#) (with Sch. 2)

[^{F4}1B Rates of tax applicable to [^{F5}distribution] income etc.

^{F6}

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

- F4** S. 1B inserted (with effect in accordance with s. 31(6) of the amending Act) by [Finance \(No. 2\) Act 1997 \(c. 58\)](#), [s. 31\(5\)](#)
- F5** Words in s. 1B sidenote substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 4\(5\)](#) (with [Sch. 2](#))
- F6** S. 1B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 2](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

2 Fractions of a pound, and yearly assessments.

F7

Textual Amendments

- F7** S. 2 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 2](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

3 Certain income charged at basic rate.

F8

Textual Amendments

- F8** S. 3 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 3](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

4 Construction of references in Income Tax Acts to deduction of tax.

F9

Textual Amendments

- F9** S. 4 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), [Sch. 1 para. 4](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

5 Date for payment.

F10

Textual Amendments

- F10** S. 5 repealed (with effect in accordance with s. 199(2) and Sch. 26 Pt. 5(23) Note 2 of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 258, [Sch. 26 Pt. 5\(23\)](#); S.I. 1998/3173, [art. 2](#)

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Corporation tax

6 The charge to corporation tax and exclusion of income tax and capital gains tax.

- (1) ^{F11}
- (2) ^{F11}
- (3) ^{F11}
- (4) ^{F12}
- [^{F13}(4A) ^{F14}
- ^{F15}(5)

Textual Amendments

- F11** S. 6(1)-(3) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 2\(2\)](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))
- F12** S. 6(4) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 2](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F13** S. 6(4A) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), **Sch. 1 para. 6** (with [Sch. 2](#))
- F14** S. 6(4A) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 2\(4\)](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))
- F15** S. 6(5) repealed (1.4.2010 with effect in accordance with s. 381(1) of the repealing Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [Sch. 7 para. 36](#), **Sch. 10 Pt. 12** (with [Sch. 9 Pt. 1](#))

7 Treatment of certain payments and repayment of income tax.

- ^{F16}

Textual Amendments

- F16** S. 7 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 3](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

8 General scheme of corporation tax.

- ^{F17}

Textual Amendments

- F17** S. 8 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 3](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

[^{F18}8A Resolutions to reduce corporation tax.

- ^{F19}

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

- F18** S. 8A inserted (27.7.1993) by 1993 c. 34, s. 206(2)
F19 S. 8A repealed (29.4.1996) by Finance Act 1996 (c. 8), ss. 138, 205, Sch. 24 para. 10, Sch. 41

9 Computation of income: application of income tax principles.

- (1) ^{F20}
- (2) ^{F20}
- [^{F21}(2A) ^{F20}
- (2B) ^{F20}
- (2C) ^{F20}]
- (3) ^{F20}
- (4) ^{F20}
- (5) Where ^{F22} . . . any enactment applies both to income tax and to corporation tax—
- (a) it shall not be affected in its operation by the fact that they are distinct taxes but, so far as is consistent with the Corporation Tax Acts, shall apply in relation to income tax and corporation tax as if they were one tax, so that, in particular, a matter which in a case involving two individuals is relevant for both of them in relation to income tax shall in a like case involving an individual and a company be relevant for him in relation to that tax and for it in relation to corporation tax; and
- (b) for that purpose references in any such enactment to a relief from or charge to income tax, or to a specified provision of the Income Tax Acts shall, in the absence of or subject to any express adaptation, be construed as being or including a reference to any corresponding relief from or charge to corporation tax, or to any corresponding provision of the Corporation Tax Acts.
- (6) ^{F23}

Textual Amendments

- F20** S. 9(1)-(4) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 4(2), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)
F21 S. 9(2A)-(2C) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 7(2) (with Sch. 2)
F22 Words in s. 9(5) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 4(3), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)
F23 S. 9(6) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 4(4), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

Modifications etc. (not altering text)

- C1** S. 9 restricted (24.3.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), ss. 881, 883(3) (b) (with Sch. 2)

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

10 Time for payment of tax.

F24

Textual Amendments

F24 S. 10 repealed (with effect in accordance with s. 199(2) of the amending Act) by Finance Act 1994 (c. 9), s. 258, Sch. 26 Part 5(23), Note 4; S.I. 1998/3173, art. 2

11 Companies not resident in United Kingdom.

[^{F25}(1) ^{F26}
(2) ^{F26}
(2A) ^{F26}]
(3) ^{F27}
(4) ^{F27}

Textual Amendments

F25 S. 11(1)-(2A) substituted for s. 11(1)(2) (with effect in accordance with s. 149(6) of the amending Act) by Finance Act 2003 (c. 14), s. 149(1)

F26 S. 11(1)-(2A) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 5, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

F27 S. 11(3)(4) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 4, Sch. 3 Pt. 1 (with Sch. 2)

[^{F28} 11AA Determination of profits attributable to permanent establishment

^{F29}

Textual Amendments

F28 S. 11AA inserted (with effect in accordance with s. 149(6) of the amending Act) by Finance Act 2003 (c. 14), s. 149(2)

F29 S. 11AA repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 6, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

12 Basis of, and periods for, assessment.

(1) ^{F30}
(2) ^{F30}
(3) ^{F30}
(4) ^{F30}
(5) ^{F30}

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

| | |
|---|----|
| [^{F31} (5A) ^{F30} |] |
| [^{F32} (5B) ^{F33} |] |
| (6) ^{F30} | |
| (7) ^{F30} | |
| [^{F34} (7ZA) ^{F30} |] |
| [^{F35} (7A) ^{F36} |] |
| [^{F37} (7B) ^{F38} | |
| ^{F38} | |
| ^{F39} |] |
| [^{F40} [^{F41} (7C) ^{F36} |]] |

(8) Where it appears to the inspector that the beginning or end of any accounting period of a company is uncertain, he may make an assessment on the company for such period, not exceeding 12 months, as appears to him appropriate, and that period shall be treated for all purposes as an accounting period of the company unless either—

- (a) the inspector on further facts coming to his knowledge sees fit to revise it; or
- (b) on an appeal against the assessment in respect of some other matter the company shows the true accounting periods;

and if on an appeal against an assessment made by virtue of this subsection the company shows the true accounting periods, the assessment appealed against shall, as regards the period to which it relates, have effect as an assessment or assessments for the true accounting periods, and there may be made such other assessments for any such periods or any of them as might have been made at the time when the assessment appealed against was made.

| | |
|---|---|
| [^{F42} (9) ^{F43} |] |
|---|---|

Textual Amendments

- F30** S. 12(1)-(7ZA) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 7, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F31** S. 12(5A) inserted (with effect as mentioned in Sch. 4 para. 11(4) of the amending Act) by Finance Act 1996 (c. 8), s. 79, **Sch. 24 para. 11(3)**
- F32** S. 12(5B) inserted (with effect in accordance with Sch. 41 para. 5(1) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 41 para. 1(3)**
- F33** S. 12(1)-(7ZA) repealed (with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 7, **Sch. 3 Pt. 1** (with Sch. 2 Pt. 12)
- F34** S. 12(7ZA) inserted (with effect in accordance with Sch. 41 para. 5(1) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 41 para. 1(5)**
- F35** S. 12(7A) inserted by Finance Act 1990 (c. 29), s.48, **Sch.9 para.3** (in relation to transfers of business on or after 1.11.1990)
- F36** S. 12(7A)(7C) omitted (19.2.2008 with effect in accordance with art. 1(2) of the repealing S.I.) by virtue of The Insurance Business Transfer Schemes (Amendment of the Corporation Tax Acts) Order 2008 (S.I. 2008/381), **arts. 1(1), 3**
- F37** S. 12(7B) inserted (with effect in accordance with art. 14(4) of the amending S.I.) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 14(3)**

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- F38** S. 12(7B): words and definition of "contracts of long-term insurance" repealed (with effect in accordance with Sch. 10 para. 17(2) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 10 para. 14\(2\)\(a\)](#), [Sch. 27 Pt. 2\(10\)](#), Note
- F39** S. 12(7B): definition of "insurance business transfer scheme" repealed (with effect in accordance with Sch. 9 para. 17(1) of the repealing Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 9 para. 1\(2\)\(a\)](#), [Sch. 27 Pt. 2\(9\)](#), Note
- F40** S. 12(7C) inserted (with effect in accordance with [Sch. 9 para. 20\(7\)](#) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 9 para. 20\(3\)](#)
- F41** S. 12(7C) substituted (with effect in accordance with [Sch. 9 para. 17\(1\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 9 para. 3\(2\)](#)
- F42** S. 12(9) inserted (with effect in accordance with [Sch. 10 para. 2](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 10 para. 43\(2\)](#)
- F43** S. 12(9) repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [Sch. 1 para. 7](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

Small companies' rate

13 Small companies' relief.

F44

Textual Amendments

- F44** Ss. 13-13A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 5](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F45}13ZA Interpretation of section 13(7)

F46

Textual Amendments

- F45** S. 13ZA inserted (with application in accordance with s. 86(6) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [s. 86\(5\)](#)
- F46** Ss. 13-13A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 5](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F47}13AA Corporation tax starting rate.

F48

Textual Amendments

- F47** S. 13AA inserted (with effect in accordance with s. 28(6)(7) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [s. 28\(1\)](#)
- F48** S. 13AA repealed (with effect in accordance with s. 26(8)-(11) of the repealing Act) by [Finance Act 2006 \(c. 25\)](#), [s. 26\(1\)](#), [Sch. 26 Pt. 3\(1\)](#), Note

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

[^{F49}13AB] The non-corporate distribution rate

^{F50}

Textual Amendments

- F49** S. 13AB inserted (with effect in accordance with s. 28(4)(5) of the amending Act) by Finance Act 2004 (c. 12), s. 28(1)(6)
- F50** S. 13AB repealed (with effect in accordance with s. 26(8)-(11) of the repealing Act) by Finance Act 2006 (c. 25), s. 26(2), Sch. 26 Pt. 3(1), Note

[^{F51}13A] Close investment-holding companies.

^{F52}

Textual Amendments

- F51** S. 13A inserted (in relation to accounting periods beginning after 31 March 1989) by Finance Act 1989 (c. 26), s. 105(2)(3)
- F52** Ss. 13-13A repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 5, Sch. 3 Pt. 1 (with Sch. 2)

Advance corporation tax

14 Advance corporation tax and qualifying distributions.

^{F53}

Textual Amendments

- F53** S. 14 repealed (1.4.2010 with effect in accordance with s. 1184(1) of the repealing Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 6, Sch. 3 Pt. 1 (with Sch. 2)

The six Schedules

15 Schedule A.

^{F54}

Textual Amendments

- F54** S. 15 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by Corporation Tax Act 2009 (c. 4), Sch. 1 para. 8, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

^{F55}16 Schedule B.

.....

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

F55 S. 16 repealed (with effect from 6.4.1988) by [Finance Act 1988 \(c. 39\)](#) s.148, Sch.14 Pt. V

^{F56}**17** **Schedule C.**

.....

Textual Amendments

F56 S. 17 repealed (with effect in accordance with Sch. 7 para. 32 and Sch. 41 Pt. 5(2) Note of the repealing Act) by [Finance Act 1996 \(c. 8\)](#), ss. 79, 205, Sch. 7 para. 3, **Sch. 41 Pt. V(2)**, Note (with Sch. 7 paras. 33-35)

18 **Schedule D.**

^{F57}

Textual Amendments

F57 S. 18 repealed (1.4.2009 with effect in accordance with s. 1329(1) of the repealing Act) by [Corporation Tax Act 2009 \(c. 4\)](#), Sch. 1 para. 9, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

19 **Schedule E.**

^{F58}

Textual Amendments

F58 S. 19 repealed (6.4.2003 with effect in accordance with s. 723(1) of the repealing Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, Sch. 6 para. 6, **Sch 8 Pt. 1** (with Sch. 7)

20 **Schedule F.**

^{F59}

Textual Amendments

F59 S. 20 repealed (6.4.2005 with effect in accordance with s. 883(1) of the repealing Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), Sch. 1 para. 10, **Sch. 3** (with Sch. 2)

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act Taxes Acts modified by 1970 c. 9, Sch. A1 para. 10(7) (as inserted) by [2017 c. 32 s. 60\(3\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8(7) (as inserted) by [2017 c. 32 Sch. 14 para. 3\(15\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8A(7) (as inserted) by [2017 c. 32 Sch. 14 para. 4\(12\)](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)