

These notes refer to the Finance Act 2012 (c.14) which received Royal Assent on 17 July 2012

FINANCE ACT 2012

EXPLANATORY NOTES

INTRODUCTION

Section 7: Corporation Tax: Small Profits Rate and Fractions for Financial Year 2012

Summary

1. **Section 7** sets the small profits rate of corporation tax (CT) for the financial year beginning 1 April 2012 at 20 per cent for all profits apart from “ring fence profits” of North Sea oil companies, where the rate is set at 19 per cent. Additionally, it sets the fraction used in calculating marginal relief from the main rate at 1/100 for all profits apart from “ring fence profits”, where the fraction is set at 11/400.