Echo Accountants

CORPORATION TAX 2026

Understanding how Corporation Tax works — and how to manage it efficiently as a business owner.

Straightforward accounting.
Real people.
Clear support.
Total clarity.

01 UNDERSTANDING CORPORATION TAX

Corporation Tax (CT) is the tax paid by limited companies on their profits. It applies to trading income, investments and any gains made by the business.

Unlike Income Tax, CT follows the financial year (1 April to 31 March) and companies can choose their own accounting period.

QUICK FACT

Corporation Tax is usually due:
9 MONTHS + 1 DAY
after your accounting period ends.

WHO PAYS CORPORATION TAX?

- Limited Companies
- Members' Clubs
- Trade & Housing Associations

It does not apply to sole traders, partnerships, or LLPs—these are taxed under Income Tax instead.

UK-resident companies pay CT on their worldwide profits, while non-resident companies pay CT on UK-based activities.

02 KEY DATES TO REMEMBER

Register
You must register for Corporation Tax when your company starts trading.

Pay
CT is usually payable 9 months & 1 day after your accounting period ends.

File
You must file your CT return within 12 months of your accounting period end.

Installments
Larger companies may need to pay in installments.

Missing deadlines can result in penalties and interest, so it's important to stay on top of key dates.

03 CORPORATION TAX RATES

Current rates are:

19%
Small profits rate
on profit up to £50,000

25%
Main rate
on profits over £250,000

Marginal relief
Profits between £50,000 and £250,000 receive marginal relief

These thresholds may be adjusted if your accounting period is shorter or if you have associated companies.

04 WAYS TO REDUCE YOUR CORPORATION TAX BILL

Make the most of available reliefs and allowances.

Allowable business expenses

Capital Allowances on equipment & vehicles
(Main writing-down allowance (WDA) rate reduced from 18% to 14% from 1 Apr 2026)

Creative industry relief

Patent Box relief

Research & Development (R&D) relief

Loss relief
(Trading, capital and property losses)

Using these reliefs effectively can significantly reduce your tax liability.

05 PENALTIES FOR LATE FILING OR PAYMENT

Fixed penalties of £200 (day one), rising to £400 after three months; up to £1,000 and £2,000 for companies that repeatedly file late.

Additional penalties after 6 and 12 months

Interest on late payments.

Late or inaccurate filings can quickly become costly.

DIRECTOR LOANS — WHAT TO WATCH FOR

An additional 35.75% Corporation Tax charge may apply if not repaid on time.

The charge is refundable once the loan is repaid (with delays)

Loans over £10,000 may trigger a benefit in kind tax charge

These rules are complex and need careful management.

06 HOW ECHO ACCOUNTANTS CAN HELP

- Keeping you registered and compliant with CT obligations
- Identifying reliefs and allowances to reduce your tax bill
- Managing director loan arrangements to avoid unexpected charges
- Advising on capital allowances and R&D opportunities
- Ensuring deadlines and payments are never missed

Echo Accountants

STRAIGHTFORWARD ACCOUNTING. CLEAR SUPPORT.

We help business owners stay compliant, reduce tax stress and make smarter financial decisions with confidence.

Scan to book a free discovery call with Echo Accountants

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020 8087 3107 | www.echoaccountants.co.uk | info@echoaccountants.co.uk | Stockley Park, 4 Longwalk, Uxbridge UB11 1FE