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Press Release

**LARGE COMPANIES PAY MORE TAX,
BUT A LOWER PERCENTAGE OF EARNINGS**

A new report published today by the Oxford University Centre for Business Taxation at Saïd Business School, entitled 'Corporation Tax in the United Kingdom', presents new evidence that:

Corporation tax in the UK is mostly paid by larger and multinational companies:

- 81% of all corporation tax is paid by the largest 1% of companies
- Over the last 10 years, multinational companies have paid 86% of all corporation tax

But larger companies pay less as a percentage of their earnings:

- Within industrial sectors, the largest 100 companies generally pay less tax than other companies as a percentage of their earnings before interest and tax (EBIT)

Multinational companies have a similar proportion of zero tax payers to other companies:

- 15% of UK companies with positive profits that are part of multinational groups pay no corporation tax
- 14% of UK companies with positive profits that are not part of a multinational groups pay no UK corporation tax

The UK generates high corporation tax revenues despite a low rate of corporation tax:

- For over 25 years the UK's corporation tax rate has been well below the G7 average, and in 2010 was the lowest in the G7.
- Despite this, as a proportion of GDP, UK corporation tax revenue has generally been above the G7 average.

The June 2010 Budget

- Reduced tax for 64% of companies
- Increased tax for 9% of companies

The Budget reduced the corporation tax rate progressively to 24% by 2014/15, and reduced the small profits rate to 20%. These cuts were offset by reductions in allowances.

These findings are presented in a new report published today by the Oxford University Centre for Business Taxation: **Corporation Tax in the United Kingdom**, by Michael Devereux and Simon Loretz. **The report uses confidential tax return data made available to researchers for the first time by HMRC, as well as detailed accounting data.** A copy of the full report can be downloaded from: <http://www.sbs.ox.ac.uk/centres/tax/Pages/Reports.aspx>

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Notes to editors

The Oxford University Centre for Business Taxation is an independent research centre which aims to promote effective policies for the taxation of business. Professor Michael Devereux is Director of the Centre. The Advisory Board of the Centre is chaired by Sir Derek Morris, Provost of Oriel College, Oxford.

The Centre undertakes and publishes multidisciplinary research into the aims, practice and consequences of taxes which affect business. Although it engages in debate on specific policy issues, the main focus of the Centre's research is on long-term, fundamental issues in business taxation. Its findings are based on rigorous analysis, detailed empirical evidence and in-depth institutional knowledge.

The Centre provides analysis independent of government, political party or any other vested interest. The Centre has no corporate views: publications of the Centre are the responsibility of named authors. The Centre is not a consultancy: it reserves the right to publish the results of its research.

For more information on the Centre see <http://www.sbs.ox.ac.uk/Tax>

2 About the report

This report presents new information on the anatomy of corporation tax liabilities and payments in the United Kingdom. It uses two complementary company-level data sources: anonymised corporation tax data provided on a confidential basis by HMRC, and financial accounting data from the FAME database. Each data source has advantages and disadvantages, but by combining them we are able to provide a detailed description of the distribution of corporation tax in the United Kingdom.

3 About Saïd Business School

Established in 1996 the Saïd Business School is one of Europe's youngest and most entrepreneurial business schools with a reputation for innovative business education. An integral part of Oxford University, the School embodies the academic rigour and forward thinking that has made Oxford a world leader in education and research. The School has an established reputation for research in a wide range of areas, including finance and accounting, organisational analysis, international management, strategy and operations management. The School is dedicated to developing a new generation of business leaders and entrepreneurs and conducting research not only into the nature of business, but the connections between business and the wider world. In the Financial Times European Business School ranking (Dec 2010) Saïd is ranked 11th. It is ranked 15th worldwide in the FT's combined ranking of Executive Education programmes (May 2010) and 27th in the world in the FT ranking of MBA programmes (Jan 2011). In the UK university league tables it has ranked first of all UK universities for undergraduate business in eight of the last nine years in The Times. For more information, see www.sbs.ox.ac.uk/

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