

26.1 Replace the underlined words and phrases with alternative words from A opposite. Pay attention to the grammatical context. There is more than one possibility for one of the answers.

- 1 Will you formally inform the Inland Revenue?
- 2 I believe it's a business run by a group of owners who share the profits and the work.
- 3 The figure named is currently £1.5 million.
- 4 We're going to be taxed on money received from sales of goods or services after costs have been deducted.
- 5 How long have we got until the day on which payment is required?
- 6 There'll be some tax on money from sale of assets this year.
- 7 Don't forget, you'll have to pay tax by payment of part of the total sum due.
- 8 I don't think there'll be much tax on money from investments in this accounting period.
- 9 Profits aren't going to be greater than £1 million this year.

26.2 Complete this extract from an advisory email from a solicitor with word combinations from B opposite. Use each combination only once.

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From: L.Dean@oldfieldslaw.co.uk
To: Bertil.Arvidsson@arbogasystem.se
Subject: UK tax liability

Dear Bertil,

In answer to your query about UK tax liability, I've set out a brief outline below.

The responsibility for the calculation of the tax due lies with the company. Tax is generally (1) on the company's total profits – including chargeable gains. A company must follow the special rules in calculating the tax due and, following this self-assessment, submit a Company Tax (2) to the Inland Revenue together with the payment of tax (3)

If there has been expenditure on research and development, companies may qualify for special tax (4) on part of their income. Although there is no annual tax (5) for capital gains, roll-over relief may be available where business assets are replaced and trading losses are normally set against income and gains of the same accounting period or even of the previous year. The rules setting out these reliefs and others are complex, and companies generally employ specialist advisers to help maximise their use of the various reliefs in order to minimise their tax (6)

The fact that corporate tax rates in the UK are lower than income tax rates (to which individuals are subject), and that company dividends (which the owners of a company can pay to themselves) are taxed more lightly than other forms of income, means that businesses may opt to incorporate primarily to enjoy such tax (7) Again, specialist advice may be sought by non-incorporated businesses that wish to calculate the tax (8) of such an option.

Over to you



How is a corporation's taxable income assessed in a jurisdiction you are familiar with?
What tax benefits are available to corporations?

For more information on Corporation Tax in the UK, go to HM Revenue and Customs at:
www.hmrc.gov.uk/.