



HM Treasury

Advance Corporation Tax Reform

Call for evidence

March 2026

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Call for evidence



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Chapter 1

About this call for evidence

Subject of this call for evidence

1.1 This call for evidence will gather views and data on remaining unrelieved surplus Advance Corporation Tax (ACT) to ensure the government can best consider the impacts of any changes to the regime.

1.2 Chapter 2 asks questions about you. Chapter 3 sets out the context for reform. Chapter 4 explores ending ACT and removing legislation from statute.

Who should read this call for evidence

1.3 Companies with remaining balances of unrelieved surplus ACT and their agents, as well as interested parties.

How to respond to this call for evidence

1.4 The government encourages you to respond via email;

ACTreformconsultation@hmtreasury.gov.uk

1.5 If you would like to respond by post, please mark your correspondence with 'ACT call for evidence' and send it to the postal address.

Postal Address:

HM Treasury
CT Team
1 Yellow
1 Horse Guards Road
London
SW1A 2HQ.

1.6 Officials are also happy to have meetings with stakeholders to discuss this topic, if timings allow. Please email or post a request for a meeting.

1.7 Responses to this call for evidence can be sent up until 11 June 2026, 12 weeks after the call for evidence opened.

Chapter 2

About you

2.1 All interested parties are welcome to respond to this call for evidence. To help the government understand the context of your answers and assess the views from different stakeholders, it would be helpful to have information about you.

Box 2.A Respondent Questions

1. What category in the following list best describes you?
 - a. A company or member of a group holding surplus ACT
 - b. An advisory firm
 - c. An interested company or group without surplus ACT
 - d. Trade body or association, including tax professional bodies
 - e. Academic
 - f. Individual – investor in a company or group with surplus ACT
 - g. Individual – other
2. If you are responding on behalf of a business, please provide as much detail as you can on where the business is located, the sector it operates in, approximate scale (e.g. turnover or gross assets), and number of employees.
3. If you are responding on behalf of a trade body, association, or interest group, please also indicate how many members you have, how you obtained the views of your members, and whether your response is reflective of the majority of your members.

Chapter 3

Background

3.1 Advance Corporation Tax (ACT) was historically charged on company dividend payments and could be offset against Corporation Tax (CT) liabilities.

3.2 Since ACT was abolished in 1999, companies have continued to use their pre-1999 unrelieved surplus ACT balances to reduce CT liabilities, subject to shadow ACT rules designed to maintain relief at pre-abolition rates. These rules were necessary to transition companies out of the regime. Since 1999 more than £6 billion of surplus ACT has been used.

3.3 At Budget 2025, the government announced that the shadow ACT rules will be removed with effect from 1 April 2026. This will allow businesses to utilise remaining surplus ACT more quickly and will simplify the tax code by removing almost 20 pages of legislation.

3.4 At Budget 2025, the government also committed to consult on the future of the remaining ACT regime, which is the subject of this consultation.

Chapter 4

The future of ACT

4.1 The rules for unrelieved surplus ACT and shadow ACT were intended to be a transitional regime. Now, 26 years since ACT's abolition and with most surplus ACT used, the government is exploring phasing out this transitional regime entirely.

4.2 It is hoped that the removal of the shadow ACT rules will mean that surplus ACT balances can be used up quickly, reducing remaining surplus ACT balances and the impact of any removal.

4.3 The government is investigating April 2029 as a potential date for abolition of the regime, which would give companies 30 years to use up their surplus ACT, including three years without the constraint of the shadow ACT rules (which are subject to parliamentary processes). Respondents are invited to give their view on the impact of this timing.

4.4 The government is seeking views on this proposal, and what impact repeal should have if the balances cannot be used, from any interested entity. This is of most relevance to companies with outstanding ACT balances and their advisors. We are also interested in whether the ACT balances have other value, for example as deferred tax assets.

4.5 This is not confirmed policy, and the government will not decide whether repeal will go ahead, or the timing of such repeal, before considering the responses to this call for evidence.

Chapter 5

Call for evidence questions

Box 5A Primary call for evidence questions to be answered by companies with outstanding ACT balances and their advisors.

4. With the removal of the shadow ACT rules, do you anticipate being able to use the remainder of your unrelieved surplus ACT balance and, if so, to what time frame? If not, what is the reason why?
5. Does your ACT balance provide any benefit outside of its use in reducing tax, and what is that benefit? For example, as a deferred tax asset?
6. What factors influence your ability or decision to use these balances? Are there structural issues within your group which prevent your business accessing ACT?
7. What impact would the removal of the ACT regime on 1 April 2029 have on your business? Is there another date that would be preferable? If so, why?
8. Are there any consequences of not taking action to change the regime that the government should consider?

Box 5B Questions to be answered by all respondents

9. How do you assess the benefits of removal of ACT? Are there any consequences of abolishing the regime that the government should consider?

Annex A

Full list of questions

Box 2A: Respondent Questions

1. What category in the following list best describes you?
 - a. A company or member of a group holding surplus ACT
 - b. An advisory or tax technical firm
 - c. An interested company or group without surplus ACT
 - d. Trade body or association
 - e. Academic
 - f. Individual – investor in a company or group with surplus ACT
 - g. Individual – other
2. If you are responding on behalf of a business, please provide as much detail as you can on where the business is located, the sector it operates in, approximate scale (e.g. turnover or gross assets), and number of employees.
3. If you are responding on behalf of a trade body, association, or interest group, please also indicate how many members you have, how you obtained the views of your members, and whether your response is reflective of the majority of your members.

Box 5A Primary call for evidence questions to be answered by companies with outstanding ACT balances and their advisors.

4. With the removal of the shadow ACT rules, do you anticipate being able to use the remainder of your unrelieved surplus ACT balance and, if so, to what time frame? If not, what is the reason why?
5. Does your ACT balance provide any benefit outside of its use in reducing tax, and what is that benefit? For example, as a deferred tax asset?
6. What factors influence your ability or decision to use these balances? Are there structural issues within your group which prevent your business accessing ACT?
7. What impact would the removal of the ACT regime on 1 April 2029 have on your business? Is there another date that would be preferable. If so, why?
8. Are there any consequences of not taking action to change the regime that the government should consider?

Box 5B Questions to be answered by all respondents

9. How do you assess the benefits of removal of ACT? Are there any consequences of abolishing the regime that the government should consider?

Annex B

Privacy notice

Introduction

This Privacy Notice should be read alongside HM Treasury's (HMT's) Personal Information Charter. The Charter sets out:

- the standards you can expect from HMT when we use your personal information;
- the contact details for our Data Protection Officer;
- how to exercise your Data Protection Information Rights (including access);
- how to exercise your right to complain to the Information Commissioner's Office.

<https://www.gov.uk/government/organisations/hm-treasury/about/personal-information-charter>

This Privacy Notice supplements the Personal Information Charter and outlines additional information in relation to Consultation and Calls for Evidence responses from all interested parties and stakeholders.

This Privacy Notice should be read in conjunction with the relevant consultation guidance, as the consultation documentation will provide additional information about how consultation responses will be used. Where this Notice and the consultation documentation differ, the latter will take precedence.

Data controller

A data controller makes decisions about processing activities. They exercise overall control of the personal data being processed and are ultimately in charge of and responsible for the processing.

The data controller for this processing activity is HMT, unless otherwise stated. We sometimes issue consultations in partnership with other agencies and government departments, which will be apparent in the branding and wording of any joint consultations.

Data processes

A data processor is an organisation or company that handles personal information on our behalf, following our instructions. Data processors

do not use your information for their own purposes; they only process it as directed by us.

The following organisations are directed to process your personal information on our behalf:

Processor Name	Function
Microsoft	Provision of enterprise IT services including email, document storage, collaboration tools, and infrastructure support

Who we process personal data about

The table below outlines the categories of individuals whose personal data we will process in this activity, alongside the types of personal data we will use.

Category of Individual	Types of Personal Data
Members of the public	Name
	Postal address
	Email address
Representatives of businesses or organisations	Telephone number
	Job title and employer (where an individual is making representations on behalf of an organisation)
	Personal opinion

We may also process special category data or data about criminal convictions, if you volunteer such information. Special categories of personal data may include:

- Data about racial or ethnic origin
- Political opinions
- Religious or philosophical beliefs
- Trade union membership

Source of Your Personal Data

Personal data of the individuals listed above will be collected in the following ways:

Directly - from Respondents (you)

Purpose and Lawful Basis

We will process your personal data for the following purposes and using the specified lawful bases:

Purpose	Lawful Basis	Further Information
Obtaining opinions about government policies, proposals, or an issue of public interest.	Article 6(1)(e) of the UK GDPR – Public task Article 9(2)(g) of the UK GDPR – Substantial public interest Schedule 1, Part 2, Paragraph 6(2)(b) of the Data Protection Act – necessary in the exercise of a government department.	To help HMT understand who has responded to this call for evidence and, in some cases, contact respondents to discuss their response.

Who we share your personal data with

We will share your personal data with the following types of recipients:

- HMT staff and Ministers - who have a business need to access the data as part of the consultation process
- Other government departments – who have policy functions relevant to the consultation topic. Responses, including respondents' personal data, will be shared with HMRC to inform policy decision making.

Please be aware that if we receive correspondence or communication which we consider threatening in nature or suggests a possible risk to you or a third party, we may share this correspondence (along with

your personal data) with relevant law enforcement / safeguarding authorities.

International transfers

Your personal data will not be transferred to an international recipient during this activity.

How long we hold your personal data

We will retain your personal data only for as long as necessary to fulfil the purposes for which it was collected.

For calls for evidence, personal data will typically be held for the duration of the review period. An anonymised report will be published following conclusion of this call for evidence.

Automated Decision-Making Profiling

This activity does not involve automated decision making or profiling. This means that decisions which may affect you are not made solely by automated means without human involvement, and your data is not subject to analysis intended to evaluate or predict aspects such as your behaviour, preferences, or interests.

HM Treasury

March 2026

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk