

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 77: Introduction to the Tax

Summary

1. This section sets out that a Diverted Profits Tax will apply if required conditions are fulfilled.

Details of the Section

2. Subsection (1) introduces the diverted profits tax.
3. Subsection (2) gives a summary of the conditions that must be met for the tax to apply. It also specifies that taxable diverted profits arise only if any of the three rules set out in Sections 80, 81 and 86 apply to a company for an accounting period

Background Note

4. The diverted profits tax is a new charge on diverted profits. The main objective is to counteract contrived arrangements used by large groups (typically multinational enterprises) that result in the erosion of the UK tax base.