



Finance Act 2015

2015 CHAPTER 11

PART 3

DIVERTED PROFITS TAX

Avoidance of a UK taxable presence

87 Exception for companies with limited UK-related sales or expenses

- (1) Section 86 does not apply to the foreign company for an accounting period if one or both of the following conditions is or are met.
- (2) The first condition is that, for the accounting period, the total of—
 - (a) the UK-related sales revenues of the foreign company, and
 - (b) the UK-related sales revenues of companies connected with the foreign company,does not exceed £10,000,000.
- (3) The second condition is that the total of—
 - (a) the UK-related expenses of the foreign company incurred in the accounting period, and
 - (b) the UK-related expenses of companies connected with the foreign company incurred in that period,does not exceed £1,000,000.
- (4) But if the accounting period is a period of less than 12 months, the amounts specified in subsections (2) and (3) are to be reduced proportionally.
- (5) In this section—
 - “the foreign company” has the same meaning as in section 86;
 - “UK activity” means activity carried on in the United Kingdom in connection with supplies of services, goods or other property made by the foreign company in the course of the trade mentioned in section 86(1)(b);

Changes to legislation: Finance Act 2015, Section 87 is up to date with all changes known to be in force on or before 29 February 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

“UK-related expenses”, of a company, means the expenses of that company which relate to UK activity;

“UK-related sales revenues” means—

- (a) in the case of the foreign company, the sales revenues of that company from UK-related supplies, and
- (b) in the case of a company connected with the foreign company, the sales revenues of the first mentioned company to the extent that they—
 - (i) are from UK-related supplies, and
 - (ii) are trading receipts which are not taken into account in calculating the profits of that company which are chargeable to corporation tax;

“UK-related supplies” means supplies of services, goods or other property which are made—

- (a) by the foreign company or a company connected with the foreign company, and
- (b) relate to UK activity.

- (6) For the purposes of this section “revenues” or “expenses” of a company, in the relevant accounting period, are amounts which, in accordance with generally accepted accounting practice (“GAAP”), are recognised as revenue or (as the case may be) expenses in the company's profit and loss account or income statement for that period.
- (7) Where a company does not draw up accounts for the relevant accounting period in accordance with GAAP, the reference in subsection (6) to any amounts which in accordance with GAAP are recognised as revenue or expenses in the company's profit and loss account or income statement for the relevant accounting period is to be read as a reference to any amounts which would be so recognised if the company had drawn up such accounts for the relevant accounting period.
- (8) “Generally accepted accounting practice” is to be construed in accordance with section 1127 of CTA 2010.
- (9) The Treasury may by regulations, made by statutory instrument, substitute a different figure for the figure for the time being specified in subsection (2) or (3).
- (10) Regulations under this section are subject to annulment in pursuance of a resolution of the House of Commons.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 21 para. 2(e) and word inserted by [2021 c. 26 Sch. 27 para. 44\(3\)\(b\)](#)
- Sch. 21 para. 5(6) inserted by [2021 c. 26 Sch. 27 para. 44\(4\)\(b\)](#)