



Finance Act 2020

2020 CHAPTER 14

PART 2

DIGITAL SERVICES TAX

Accounting periods, accounts etc

61 Accounting periods and meaning of “a group’s accounts”

- (1) This section applies for the purposes of this Part.
- (2) A group’s first accounting period—
 - (a) begins with 1 April 2020, and
 - (b) ends with the first accounting reference date to occur after that date or, if earlier, with 31 March 2021.

This is subject to subsection (4) (rule for groups coming into existence after 1 April 2020).

- (3) Any other accounting period of a group—
 - (a) begins immediately after the end of the previous accounting period, and
 - (b) ends with the first accounting reference date to occur after it begins or, if earlier, one year after it begins.
- (4) In the case of a group formed after 1 April 2020, its first accounting period—
 - (a) begins with the date on which it is formed, and
 - (b) ends with the first accounting reference date to occur after that date or, if earlier, one year after it begins.
- (5) In this section “accounting reference date” means the date to which the group’s accounts are made up.
- (6) Any reference to a group’s accounts is to—
 - (a) the consolidated accounts of the group’s parent and its subsidiaries, or

Status: This is the original version (as it was originally enacted).

- (b) the parent’s accounts (if the parent is the only member of the group throughout the period in question).

62 Apportionment of revenues or expenses to accounting period

- (1) This section applies if a group’s period of account does not coincide with an accounting period.
- (2) The revenues or expenses of a period of account may be apportioned to the parts of that period falling within different accounting periods.
- (3) The apportionment must be made by reference to the number of days in the periods concerned.

63 Meaning of revenues arising, or expenses recognised, in a period

- (1) In this Part any reference to revenues arising to members of a group in a period, or to expenses of members of a group recognised in a period, is to be interpreted as follows.
- (2) For any period of account of the group for which the group’s accounts are produced in accordance with the applicable accounting standards, the reference is to—
 - (a) revenues (however described) or expenses recognised in the income statement (or in profit and loss) for that period, or
 - (b) if any consolidation exemption applies, to revenues (however described) or expenses that would be recognised in the income statement (or in profit and loss) for that period if no consolidation exemption were applicable.
- (3) For any period of account of the group not falling within subsection (2), the reference is to revenues or expenses that would be recognised in the income statement (or in profit and loss) in the group’s accounts produced in accordance with IAS for the period if such accounts were produced (and no consolidation exemption was applicable).
- (4) If the group does not produce accounts for any period (“the relevant period”) in an accounting period, the reference is to revenues or expenses that would be recognised in the income statement (or in profit and loss) in the group’s accounts produced in accordance with IAS for the relevant period if such accounts were produced (and no consolidation exemption was applicable).
- (5) In this section “consolidation exemption” means any exemption in the applicable accounting standards from a requirement to consolidate revenues.

64 Meaning of “the applicable accounting standards” etc

- (1) This section applies for the purposes of this Part.
- (2) “The applicable accounting standards”, in relation to a group, means—
 - (a) for any period for which the group’s accounts are produced in accordance with UK GAAP, UK GAAP;
 - (b) for any period for which the group’s accounts are produced in accordance with acceptable overseas GAAP, acceptable overseas GAAP;
 - (c) for any period for which the group’s accounts are produced in accordance with a specified standard, that standard;
 - (d) otherwise, IAS.

(3) “UK GAAP”—

- (a) means generally accepted accounting practice in relation to accounts of UK companies (other than accounts prepared in accordance with IAS) that are intended to give a true and fair view, and
- (b) has the same meaning in relation to persons other than companies, and companies that are not UK companies, as it has in relation to UK companies.

“UK companies” here means companies incorporated or formed under the law of a part of the United Kingdom.

(4) “Acceptable overseas GAAP” means the generally accepted accounting practice and principles of any of the following—

- Canada;
- China;
- Japan;
- South Korea;
- the United States of America.

(5) “IAS” means—

- (a) International Accounting Standards,
- (b) International Financial Reporting Standards, and
- (c) related interpretations,

issued or adopted, from time to time, by the International Accounting Standards Board.

(6) In subsection (2)(c), “specified” means specified in a notice published by HMRC.