



Finance Act 2020

2020 CHAPTER 14

PART 2

DIGITAL SERVICES TAX

Groups, parents and members

57 Meaning of “group”, “parent” etc

- (1) In this Part “group” means—
 - (a) any entity which—
 - (i) is a relevant entity (see section 58), and
 - (ii) meets condition A or B (see subsections (2) and (3)), and
 - (b) each subsidiary (if any) of the entity mentioned in paragraph (a).
- (2) Condition A is that the entity—
 - (a) is a member of a GAAP group, and
 - (b) is not a subsidiary of an entity that—
 - (i) is a relevant entity, and
 - (ii) itself meets condition A.
- (3) Condition B is that the entity is not a member of a GAAP group.
- (4) In this Part—
 - (a) references to the “parent” of a group are to the entity mentioned in subsection (1)(a);
 - (b) references to a “member” of a group are to an entity mentioned in subsection (1)(a) or (b);
 - (c) “subsidiary” has the meaning given by the applicable accounting standards.
- (5) In this section “GAAP group” means a group within the meaning of the applicable accounting standards.

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(6) For the meaning of “the applicable accounting standards” see section 64.

58 Section 57: meaning of “relevant entity”

- (1) In section 57 “relevant entity” means—
- (a) a company, or
 - (b) an entity the shares or other interests in which are listed on a recognised stock exchange and are sufficiently widely held.
- (2) Shares or other interests in an entity are “sufficiently widely held” if no participator in the entity holds more than 10% by value of all the shares or other interests in the entity.
- (3) The following are not relevant entities—
- (a) the Crown;
 - (b) a Minister of the Crown;
 - (c) a government department;
 - (d) a Northern Ireland department;
 - (e) a foreign sovereign power.
- (4) In this section—
- (a) “participator” has the meaning given by section 454 of CTA 2010;
 - (b) “recognised stock exchange” has the meaning given by section 1137 of CTA 2010;
 - (c) the reference to shares or other interests being listed on a recognised stock exchange is to be read in accordance with section 1137 of CTA 2010.
- (5) For the meaning of “company” see section 72.

59 Continuity of a group over time

- (1) In this Part, this section applies for the purpose of determining whether a group at any time (Time 2) is the same group as a group at any earlier time (Time 1).
- (2) The group at Time 2 is the same group as the group at Time 1 if and only if the entity that is the parent of the group at Time 2—
- (a) was the parent of the group at Time 1, and
 - (b) was the parent of a group at all times between Time 1 and Time 2.

60 Treatment of stapled entities

- (1) This section applies where two or more entities—
- (a) would, apart from this section, be the parent of a group, and
 - (b) are stapled to each other.
- (2) This Part applies as if—
- (a) the entities were subsidiaries of another entity (the “deemed parent”), and
 - (b) the deemed parent were within section 57(1)(a) (conditions for being the parent of a group).
- (3) For the purpose of this section, an entity (A) is “stapled” to another entity (B) if, in consequence of the nature of the rights attaching to the shares or other interests in A

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(including any terms or conditions attaching to the right to transfer the interests), it is necessary or advantageous for a person who has, disposes of or acquires shares or other interests in A also to have, dispose of or acquire shares or other interests in B.

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