



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 8

FURTHER ADJUSTMENTS

Other adjustments

217 Post filing adjustments of covered taxes

- (1) **This section** applies where, in an accounting period (“the current period”), the liability of a member of a multinational group to covered taxes for a prior accounting period (“the prior period”) as reflected in an information return, overseas information return or self-assessment return (see **Schedule 14**) has increased or decreased.
- (2) **Subsection (4)** applies where—
 - (a) that liability has increased, or
 - (b) that liability has decreased and the decrease is to be treated as insignificant.
- (3) **Subsection (5)** applies where that liability has decreased, unless the decrease is to be treated as insignificant.
- (4) Where **this subsection** applies, the covered tax balance of the member for the current period is to be adjusted so as to reflect the amount of that increase or decrease if not already reflected in that balance.
- (5) Where **this subsection** applies—
 - (a) the following are to be recalculated for the prior period to take account of the decrease—

Status: This is the original version (as it was originally enacted).

- (i) the effective tax rate for the member and the other members of that group located in the same territory,
 - (ii) the top-up amounts that those members would have, and
 - (iii) if the liability to covered taxes has decreased because of a reduction of the member's profits, its adjusted profits but only to the extent necessary to prevent the effective tax rate from decreasing,
 - (b) the adjusted profits of those members in subsequent accounting periods are to be adjusted in consequence of the decrease, and the matters referred to in [paragraph \(a\)](#) recalculated accordingly, and
 - (c) if the amount of the decrease is reflected in the covered tax balance of the member for the current period, that balance is to be adjusted to exclude it.
- (6) [Section 206](#) applies to a recalculation under [subsection \(5\)](#).
- (7) Where [subsection \(5\)](#) applies in relation to a decrease in liability to covered taxes that arises as a result of the member offsetting a loss in a later accounting period against profits in the prior period, the member is treated for the purposes of this Part—
- (a) as having a deferred tax asset that arises in the later period that is equal to the amount offset multiplied by the lesser of—
 - (i) 15%, and
 - (ii) the tax rate that applied to the profits the amount was offset against, and
 - (b) as having used that asset in the prior accounting period.
- (8) For the purposes of [this section](#), a decrease of liability is to be treated as insignificant if—
- (a) the aggregate decrease in liability for covered taxes for the prior period is less than 1 million euros, and
 - (b) the filing member has made an election for decreases in the prior period to be treated as insignificant.

[Paragraph 2](#) of [Schedule 15](#) (annual elections) applies to an election under [this subsection](#).