



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 8

FURTHER ADJUSTMENTS

Other adjustments

218 Effect of rate changes to deferred tax expense

(1) Where—

- (a) the rate of tax for a member of a multinational group changes in an accounting period,
- (b) the change in rate is to some extent relevant, and
- (c) the effect of the rate change would reduce the member's covered tax balance in a previous accounting period if the deferred tax expense in that period were recalculated to take account of the change in the rate,

[section 217](#) applies to so much of that reduction as reflects the extent of the change in rate that is relevant as it applies to a decrease in liability to covered taxes.

(2) Where—

- (a) the rate of tax for a member of a multinational group changed in a previous accounting period,
- (b) the change in rate is to some extent relevant,
- (c) the member's deferred tax expense for the current accounting period reflects the reversal of deferred tax assets or liabilities that were recognised in an accounting period prior to the rate change at a different rate, and

Status: This is the original version (as it was originally enacted).

- (d) the effect of the rate change would increase the member's covered tax balance in a previous accounting period if the deferred tax expense in that period were recalculated to take account of the change in the rate,
[section 217](#) applies to so much of that increase as reflects the extent of the change in rate that is relevant as it applies to a increase in liability to covered taxes.
- (3) For the purposes of [subsections \(1\) and \(2\)](#), a change of a rate of tax is relevant to the extent that—
 - (a) in the case of a rate that is increasing, it reflects an increase from below 15% to the lesser of—
 - (i) the rate it is changed to, and
 - (ii) 15%, and
 - (b) in the case of a rate that is decreasing, it reflects a decrease from the lesser of—
 - (i) the previous rate, and
 - (ii) 15%.