



# Finance (No. 2) Act 2023

## 2023 CHAPTER 30

### PART 4

#### DOMESTIC TOP-UP TAX

### CHAPTER 1

#### INTRODUCTION

#### 266 Qualifying entities

- (1) An entity is qualifying for an accounting period if it is not a DTT excluded entity or an investment entity, it meets condition A for that period and—
  - (a) if it is not a member of a group, it meets condition B for that period, or
  - (b) if it is a member of a group, it meets condition C for that period.
- (2) Condition A is met by an entity for an accounting period if it is located in the United Kingdom in that period (see [section 239](#) in [Part 3](#)).
- (3) Condition B is met by an entity for an accounting period if the entity has revenue that exceeds the threshold set out in [subsection \(6\)](#) in at least 2 previous accounting periods of the previous 4 accounting periods.
- (4) For the purposes of condition B, the revenue of an entity that is not a member of a group is to be determined by reference to its qualifying financial statements.
- (5) Condition C is met by a member of a group for an accounting period if the members of the group have revenue that exceeds the threshold set out in [subsection \(6\)](#) in at least 2 previous accounting periods of the previous 4 accounting periods.
- (6) The threshold for an accounting period is the amount given by multiplying 750 million euros by the amount given by dividing the number of days in the accounting period by 365.

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*Status: This is the original version (as it was originally enacted).*

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- (7) For the purposes of condition C, the revenue of the members of a group for a period is to be determined by reference to the consolidated financial statements of the ultimate parent for that period (see [sections 126\(2\) and 249](#) in [Part 3](#)).
- (8) [Sections 130 and 131](#) in [Part 3](#) (change in composition of multinational groups) apply for the purpose of Condition C as if—
- (a) references to “multinational group” were to “group”,
  - (b) in [section 130](#)—
    - (i) in [subsection \(1\)](#), for “condition A in [section 129\(2\)](#)” there were substituted “condition C in [section 266\(5\)](#)”,
    - (ii) in [subsection \(4\)](#), for “[section 129\(4\)](#)” there were substituted “[section 266\(6\)](#)”,
  - (c) in [section 131\(1\)](#)—
    - (i) for “[section 129](#)” there were substituted “[section 266](#)”,
    - (ii) for “[subsection \(2\)](#)” there were substituted “[subsection \(5\)](#)”,
    - (iii) for “condition A” there were substituted “condition C”, and
    - (iv) for “[section 129\(4\)](#)” there were substituted “[section 266\(6\)](#), and
  - (d) in [section 131\(2\)](#), for “condition A in [section 129\(2\)](#)” there were substituted “condition C in [section 266\(5\)](#)”
- (9) References in [this Part](#) to a “group” (other than in the expression “multinational group”) means a consolidated group (see [section 126\(2\)](#) in [Part 3](#)).
- (10) For the purposes of [this Part](#) “qualifying financial statements” in relation to an entity means—
- (a) financial statements of the entity prepared in accordance with acceptable accounting standards, or
  - (b) where no such accounts were prepared, the statements that would have been prepared (whether or not the entity was required to prepare such statements) in accordance with an authorised accounting standard that is either—
    - (i) an acceptable accounting standard, or
    - (ii) a financial accounting standard whose application is adjusted to prevent material competitive distortions (see [section 249\(4\)](#)).