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SCHEDULES

SCHEDULE 12

PILLAR TWO

PART 2

MULTINATIONAL TOP-UP TAX

Election to spread certain capital gains

13 (1) Section 163 (election to spread capital gains over five years) is amended as follows.

(2) In subsection (1), for “collectively” substitute “and those preceding periods are referred to collectively as”.

(3) In subsection (2)—

(a) for Step 1 substitute—

“Step 1

For each standard member of the group in the territory in the first accounting period of the look-back period (“the carry-back period”), determine whether it has net losses in respect of the disposal of local tangible assets (ignoring any losses in relation to which these steps have previously been carried out).”, and

(b) for Steps 9 to 11 substitute—

“Step 9

Determine which of the standard members of the group (“current gain members”) located in the territory have net gains from the disposal of local tangible assets in the election period.

A current gain member is not to be regarded as a current gain member in any accounting period in which—

(a) it is not a standard member of the group, or

(b) it is not located in the territory.

Step 10

For the election period and each accounting period that is in the look-back period, adjust the underlying profits for that period (“the adjustment period”) of each current gain member by adding the amount given by multiplying—

(a) the result of Step 8, by

(b) the amount given by dividing—

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- (i) the net gains of the current gain member from the disposal of local tangible assets in the election period, by
- (ii) the sum of net gains from the disposal of local tangible assets in the election period of all current gain members in the adjustment period.

Step 11

Where there are no current gain members in an accounting period in the look-back period, adjust the underlying profits for that period of each standard member located in the territory for that period by adding the amount given by multiplying—

- (a) the result of Step 8, by
- (b) the amount given by dividing 1 by the number of standard members of the group in the territory in that accounting period.

Step 12

Where there are no standard members of the group in the territory in one or more accounting periods in the look-back period, further adjust the underlying profits for the election period of each current gain member by adding the amount given by multiplying—

- (a) the result of Step 8 multiplied by the number of accounting periods in the look-back period in which no standard members of the group were located in the territory, by
- (b) the amount given by dividing—
 - (i) the net gains of the current gain member from the disposal of local tangible assets in the election period, by
 - (ii) the sum of net gains from the disposal of local tangible assets in the election period of all current gain members.”

- (4) In subsection (3), omit “standard”.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 9 para. 132(1) Sch. 9 para. 132 renumbered as Sch. 9 para. 132(1) by [S.I. 2024/356 reg. 4\(23\)\(a\)](#)
- Sch. 9 para. 125(1)(c) and word inserted by [S.I. 2024/356 reg. 4\(3\)\(b\)](#)
- Sch. 9 para. 125(3A) inserted by [S.I. 2024/356 reg. 4\(6\)](#)
- Sch. 9 para. 126(1)(c) inserted by [S.I. 2024/356 reg. 4\(9\)\(c\)](#)
- Sch. 9 para. 126(3A) inserted by [S.I. 2024/356 reg. 4\(10\)](#)
- Sch. 9 para. 127A and cross-heading inserted by [S.I. 2024/356 reg. 4\(12\)](#)
- Sch. 9 para. 128(6)(a)(zi) inserted by [S.I. 2024/356 reg. 4\(13\)](#)
- Sch. 9 para. 129(1)(c)(d) inserted by [S.I. 2024/356 reg. 4\(15\)\(b\)](#)
- Sch. 9 para. 129(2)(c) and word inserted by [S.I. 2024/356 reg. 4\(16\)\(b\)](#)
- Sch. 9 para. 130A and cross-heading inserted by [S.I. 2024/356 reg. 4\(21\)](#)
- Sch. 9 para. 132(2)-(5) inserted by [S.I. 2024/356 reg. 4\(23\)\(c\)](#)
- Sch. 9 para. 132A and cross-heading inserted by [S.I. 2024/356 reg. 4\(24\)](#)
- Sch. 9 para. 132(1) words inserted by [S.I. 2024/356 reg. 4\(23\)\(b\)](#)