



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 2

QUALIFYING MULTINATIONAL GROUPS AND THEIR MEMBERS

Qualifying multinational groups

129 Qualifying multinational groups

- (1) For the purposes of [this Part](#), a multinational group is “qualifying” in an accounting period if conditions A and B are met.
- (2) Condition A is that the group’s members have revenue that exceeds the threshold set out in [subsection \(4\)](#) in at least 2 accounting periods of the previous 4 accounting periods.
- (3) Condition B is that at least one of the group’s members is located in the United Kingdom.
- (4) 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.
- (5) For the purposes of [this section](#), and [section 127\(5\)](#), the revenue of the members of a multinational group for a period is to be determined by reference to the consolidated financial statements of the ultimate parent for that period.

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Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Cross Heading: Qualifying multinational groups. (See end of Document for details)

130 Change in composition of multinational group

- (1) This section applies for the purpose of determining whether condition A in section 129(2) is met by a multinational group in an accounting period (“the qualifying period”) where its composition has changed—
 - (a) in that period, or
 - (b) during the previous 4 accounting periods (“the testing period”).
- (2) Reference in subsection (1) to a change in the composition of a multinational group includes its formation as a result of the acquisition by one entity of ownership interests in another.
- (3) Where a member of the multinational group was not a member of any consolidated group in one or more of the accounting periods in the testing period—
 - (a) its revenues for those accounting periods are to be determined by reference to its financial statements or any consolidated financial statements in which its revenue is included (and, if necessary, apportioned on a just and reasonable basis to those accounting periods), and
 - (b) those revenues are to be treated as forming part of the revenues of the multinational group in those periods (whether or not the group existed in those periods).
- (4) Where a multinational group is the result of a merger of two or more consolidated groups in the qualifying period or the testing period, for each accounting period of those periods in which they were separate groups, add together the revenues of each consolidated group for that period (determined by reference to the consolidated financial statements of the ultimate parent of each group and if necessary, apportioned on a just and reasonable basis to the accounting period of the merged group) to determine whether the threshold in section 129(4) is met for that period.
- (5) For the purposes of this section “merger” means any arrangement that results in two or more consolidated groups becoming a single consolidated group.

131 Whether de-merged groups meet the revenue threshold

- (1) Where a multinational group is the result of a qualifying de-merger (“a de-merged group”), section 129 has effect in relation to that group for its first accounting period that ends after the de-merger, and in the 3 accounting periods that follow it as if for subsection (2) there were substituted—
 - “(2) A de-merged group meets condition A if—
 - (a) in its first accounting period that ends after the de-merger, if its members have revenue for that period that exceeds the threshold set out in section 129(4), and
 - (b) in any of the second to fourth accounting periods ending after the de-merger, if its members have revenue that exceeds the threshold set out in that section in any two of the following periods—
 - (i) that period;
 - (ii) any of the accounting periods that precede that period and end after the de-merger.”
- (2) In this section “qualifying de-merger” means the separation of members of a multinational group that meets condition A in section 129(2) into two or more

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consolidated groups, such that those members cease to all be consolidated by the same ultimate parent.

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