



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 6

CALCULATION OF TOP-UP AMOUNTS

195 Substance based income exclusion

- (1) The substance based income exclusion for a period for a territory is calculated by taking the following steps—

Step 1

Determine the payroll carve-out amount for that period for each standard member of the group in that territory.

Step 2

Determine the tangible asset carve-out amount for that period for each standard member of the group in that territory.

Step 3

Add together the amounts determined at steps 1 and 2.

- (2) But if the filing member for the group elects not to calculate the substance based income exclusion for the period, the exclusion is nil.
- (3) Paragraph 2 of [Schedule 15](#) (annual elections) applies to an election under subsection (2).
- (4) The payroll carve-out amount for a member is 5% of the eligible payroll costs incurred by the member in the period.
- (5) The tangible asset carve-out amount for a member is 5% of the eligible tangible asset amount of the member in the period.

Status: Point in time view as at 01/08/2023. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 195. (See end of Document for details)

- (6) Section 196 sets out how to calculate the eligible payroll costs of a member.
- (7) Section 197 sets out how to calculate the eligible tangible asset amount of a member.
- (8) Section 198 sets out special rules on calculating the eligible payroll costs and eligible tangible asset amount of a member that is a permanent establishment or a flow-through entity.

Status:

Point in time view as at 01/08/2023. This version of this provision has been superseded.

Changes to legislation:

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