



Finance Act 2015

2015 CHAPTER 11

PART 3

DIVERTED PROFITS TAX

Introduction and overview

77 Introduction to the tax

- (1) A tax (to be known as “diverted profits tax”) is charged in accordance with this Part on taxable diverted profits arising to a company in an accounting period.
- (2) Taxable diverted profits arise to a company in an accounting period only if one or more of sections 80, 81 and 86 applies or apply in relation to the company for that period.

78 Overview of Part 3

- (1) Sections 80 and 81 relate to cases involving entities or transactions which lack economic substance.
- (2) In these cases—
 - (a) sections 82 to 85 deal with the calculation of taxable diverted profits (and ensure appropriate account is taken of any transfer pricing adjustments already made), and
 - (b) section 96 deals with the estimation of those profits when initially imposing a charge.
- (3) Section 86 relates to cases where, despite activity being carried on in the United Kingdom, a company avoids carrying on its trade in the United Kingdom in circumstances where—
 - (a) provision is made or imposed which involves entities or transactions lacking economic substance, or
 - (b) there are tax avoidance arrangements.

Status: Point in time view as at 26/03/2015.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2015, Cross Heading: Introduction and overview. (See end of Document for details)*

- (4) In these cases—
- (a) sections 88 to 91 deal with the calculation of taxable diverted profits, and
 - (b) section 97 deals with the estimation of those profits when initially imposing a charge.
- (5) There is an exception from section 86 for cases involving limited UK-related sales or expenses (see section 87).
- (6) Key terms used in this Part are defined in sections 106 to 114.
- (7) Other provisions in this Part—
- ensure HMRC are notified of companies potentially within the scope of the tax (see section 92);
 - deal with the process for imposing a charge to diverted profits tax (see sections 93 to 97);
 - deal with payment of the tax and make provision about credits given for other tax paid on the same profits (see sections 98 to 100); and
 - provide for reviews of, and appeals against, decisions to impose a charge to diverted profits tax (see sections 101 and 102).

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