



Finance Act 2015

2015 CHAPTER 11

PART 3

DIVERTED PROFITS TAX

Introduction and overview

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.
- (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).

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2015, Section 78. (See end of Document for details)

- (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).

Changes to legislation:

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