

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 99: Diverted Profits Tax Ignored for Tax Purposes

Summary

1. This section stipulates that diverted profits tax is not to be taken into account for the purposes of income tax or corporation tax.

Details of the Section

2. Subsection (1) prevents diverted profits tax from giving rise to a deduction or other relief when calculating income, profits, or losses for any tax purposes. It also prevents account being taken of any amount paid (directly or indirectly) by a person for the purposes of meeting, or reimbursing the cost of diverted profits tax.
3. Subsection (2) prevents any amount paid as mentioned in subsection (1)(b) from being treated as a distribution within the meaning of the Corporation Tax Act 2010.

Background Note

4. The diverted profits tax is a new charge on diverted profits. The main objective is to counteract contrived arrangements used by large groups (typically multinational enterprises) that result in the erosion of the UK tax base.