



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 9

SPECIAL PROVISION FOR INVESTMENT ENTITIES, JOINT VENTURE GROUPS AND MINORITY-OWNED MEMBERS

Application to multi-parent groups

229 Multi-parent groups

- (1) Where two or more consolidated groups form part of a multi-parent group—
 - (a) those groups (“the constituent groups”) are to be treated as a single multinational group (and accordingly multinational top-up tax will be charged in relation to that single group), and
 - (b) the group’s members include (as well as the members who are members as a result of [section 126](#)) entities who would not be a member of any of the constituent groups but in which a controlling interest is held by one or more members of the constituent groups,
- (2) [This Part](#) has effect, in its application to a multi-parent group, as if—
 - (a) references (however framed) to the consolidated financial statements of the ultimate parent were to the multi-parent consolidated financial statements,
 - (b) references to the ultimate parent were to all of the ultimate parents of the constituent groups, other than the reference in [section 128\(3\)\(b\)](#) (responsible members).
- (3) Where ownership interests in an intermediate parent member of a multi-parent group are held by more than one of the ultimate parents of the multi-parent group, [section 127\(3\)](#) has effect as if for paragraph (b) there were substituted—

- “(b) any of the ultimate parents of the constituent groups that have ownership interest in the intermediate parent member are not subject to Pillar Two IIR tax, and”.
- (4) Where an intermediate parent member of a multi-parent group is not a member of any of the constituent groups, [section 128](#) has effect in relation to it as if—
- (a) paragraph (b) of subsection (3) were omitted, and
 - (b) for [subsection \(4\)](#) there were substituted—
 - “(4) Such an intermediate parent member is responsible for each member of the group it has an ownership interest provided the conditions in subsection (4A) are met in relation to that member (“the owned member”).
 - (4A) Those conditions are that—
 - (a) the owned member is not located in the same territory as the intermediate parent member, and
 - (b) any of the ultimate parents of the constituent groups that has an ownership interest in the owned member is not subject to Pillar Two IIR tax.”
- (5) Unless a nomination under [paragraph 2\(2\)](#) of [Schedule 14](#) is in force in relation to a multi-parent group—
- (a) the ultimate parents of the constituent groups are jointly the filing member of the multi-parent group, and
 - (b) any liability for a penalty for a failure to comply with the obligations of the filing member is the joint and several liability of those ultimate parents.
- (6) For the purposes of [this section](#)—
- two or more consolidated groups form part of a “multi-parent group” if—
- (a) the ultimate parents of those groups are party to an arrangement that is a stapled structure or a dual-listed arrangement, and
 - (b) at least one of the controlled entities of those groups is not in the same territory as another of the other controlled entities of those groups;

“controlled entity” in relation to two or more consolidated groups means—

 - (a) a member of any of those groups, and
 - (b) any entity, other than a member of any of those groups, in which a controlling interest is held by one or more members of those groups;

“stapled structure” means an arrangement entered into by two or more ultimate parents of consolidated groups where the following conditions are met—

 - (a) as a result of the arrangements, 50% or more of the ownership Interests in the ultimate parents of the consolidated groups—
 - (i) are by reason of form of ownership, restrictions on transfer, or other terms or conditions combined with each other, and
 - (ii) cannot be transferred or traded independently;
 - (b) if the combined ownership Interests are listed, they are quoted at a single price;
 - (c) one of those ultimate parents prepares, or together those parents prepare, consolidated financial statements—

- (i) in which the assets, liabilities, income, expenses and cash flows of the controlled entities of those consolidated groups are presented together as those of a single economic unit, and
 - (ii) that are required by a regulatory regime to be externally audited;
- “dual-listed arrangement” means an arrangement entered into by two or more ultimate parents of consolidated groups to combine their businesses by contract (rather than by the holding of ownership interests in one another) where the following conditions are met—
- (a) the arrangements provide for the ultimate parents of the groups to make distributions (with respect to dividends and in liquidation) to their shareholders based on a fixed ratio,
 - (b) the arrangements provide for the management of those businesses as a single economic entity while retaining their separate legal identities,
 - (c) ownership interests in the ultimate parents are quoted, traded or transferred independently in different capital markets, and
 - (d) one of those ultimate parents prepares, or together those parents prepare, consolidated financial statements—
 - (i) in which the assets, liabilities, income, expenses and cash flows of the controlled entities of those consolidated groups are presented together as those of a single economic unit, and
 - (ii) that are required by a regulatory regime to be externally audited;
- “multi-parent consolidated financial statements” means—
- (a) in relation to a multi-parent group that is a multi-parent group as a result of a stapled structure, the consolidated financial statements referred to in paragraph (c) of the definition of stapled structure, or
 - (b) in relation to a multi-parent group that is a multi-parent group as a result of a dual-listed arrangement, the consolidated financial statements referred to in paragraph (d) of the definition of dual-listed arrangement.