



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 4

CALCULATION OF ADJUSTED PROFITS OF MEMBERS OF A MULTINATIONAL GROUP

Adjustments of underlying profits

[^{F1}147A Treatment of tax credits

- (1) The underlying profits of a member of a multinational group, and the covered tax balance of that member (see Chapter 5), are to be adjusted (if necessary) to secure that—
 - (a) qualifying refundable tax credits are accounted for as income rather than as tax expense,
 - (b) tax credits that are marketable transferable tax credits in relation to the member are accounted for as income rather than as tax expense, and
 - (c) other tax credits are accounted for as tax expense rather than as income.
- (2) Section 148 sets out when tax credits are qualifying refundable tax credits.
- (3) Section 148A sets out the meaning of “transferable tax credit” and “marketable transferable tax credit”.
- (4) Sections 148B and 148C set out rules about the value of marketable transferable tax credits.
- (5) Sections 176A to 176C (in Chapter 5) set out rules about the value of tax credits that are not marketable transferable tax credits but which are transferable or were transferred

Changes to legislation: *There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 147A. (See end of Document for details)*

(and which as a result of subsection (1)(c) are generally to be accounted for as tax expense).

- (6) See also sections 176D to 176F which contain special rules for tax credits received in under a tax equity partnership arrangement.]

Textual Amendments

- F1** [S. 147A](#) inserted (22.2.2024 with effect for accounting periods beginning on or after 31.12.2023 in accordance with Sch. 12 para. 1(2) of the amending Act) by [Finance Act 2024 \(c. 3\)](#), [Sch. 12 para. 8\(1\)](#)

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There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 147A.