



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

Dealing with transparency and entities subject to qualifying dividend regime

172 Application of section 171 to members in the same territory as the ultimate parent

- (1) **Subsection (2)** applies to a distribution of a qualifying dividend by a member of a multinational group where conditions X and Y are met.
- (2) Where **this subsection** applies, **subsections (1) and (6)** of **section 171** apply to the distribution made by the member as it applies to a distribution by the ultimate parent in relation to which one of conditions A to C in that section apply.
- (3) Condition X is that the member—
 - (a) is located in the same territory as the ultimate parent,
 - (b) the member and the ultimate parent are subject to the same qualifying dividend regime,
 - (c) all of the ultimate parent's ownership interests in the member are—
 - (i) direct, or
 - (ii) held solely through other members of the group who are located in that territory and subject to the regime.
- (4) Condition Y is that—
 - (a) the distribution of the qualifying dividend is made—

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 172. (See end of Document for details)

- (i) to the ultimate parent, or
 - (ii) to one of the members referred to in [subsection \(3\)\(c\)\(ii\)](#),
 - (b) in the case of a distribution made to the ultimate parent, the whole of the qualifying dividend is distributed by the ultimate parent and one of the conditions A to C in [section 171](#) applies to each of the distributions made from the qualifying dividend, and
 - (c) in the case of a distribution made to one of the members referred to in [subsection \(3\)\(c\)\(ii\)](#)—
 - (i) the whole of the dividend is distributed to the ultimate parent, or to one of the members referred to in that subsection provided the whole amount is eventually distributed to the ultimate parent via one or more further distributions to members referred to in that subsection, and
 - (ii) the ultimate parent distributes the whole of the dividend and one of conditions A to C in [section 171](#) applies to each of the distributions made from the qualifying dividend.
- (5) For the purposes of this section, it is to be assumed that —
- (a) where the ultimate parent, or a member referred to in [subsection \(3\)\(c\)\(ii\)](#), has received the whole of the qualifying dividend, but has also received other distributions or has other income, any subsequent distribution by the ultimate parent or member is funded first by the qualifying dividend and then by any other amounts, and
 - (b) where the ultimate parent receives amounts from members referred to in [subsection \(3\)\(c\)\(ii\)](#), those amounts fund distributions that meet one of conditions A to C in [section 171](#) before distributions that do not.

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 172.