



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 5

COVERED TAX BALANCE

Dealing with deferred tax assets etc

182 Total deferred tax adjustment amount

- (1) The total deferred tax adjustment amount for a member of a multinational group for an accounting period is the deferred tax expense relating to covered taxes reflected in the member's underlying profits, adjusted as follows.
- (2) The deferred tax expense is to be adjusted to exclude the following—
 - (a) any amount of that expense that reflects items not reflected in the member's adjusted profits;
 - (b) any amount of that expense that reflects disallowed accruals or unclaimed accruals;
 - (c) the impact of a valuation adjustment or accounting recognition adjustment with respect to a deferred tax asset;
 - (d) any amount of that expense arising from a re-measurement with respect to a change in the rate of tax;
 - (e) any amount of that expense that reflects the generation or use of tax credits (but see [section 183](#) which permits the inclusion of qualifying foreign tax credits).
- (3) Where a deferred tax liability is reversed in an accounting period, and that deferred tax liability was treated as an unclaimed accrual in a previous accounting period, the

Status: This is the original version (as it was originally enacted).

deferred tax expense is to be increased by the amount of the deferred tax liability that has reversed.

- (4) Where a deferred tax asset is not reflected in the deferred tax expense only as a result of the recognition criteria not being met, that deferred tax asset is to be reflected in the total deferred tax adjustment amount.
- (5) Where the amount of a deferred tax asset is adjusted as a result of [section 186](#), an amount equal to that adjustment is to be reflected in the total deferred tax adjustment amount.
- (6) Where an amount of recaptured deferred tax liability (see [section 184](#)) that was determined for a previous accounting period is reversed during the accounting period, that amount is to be reflected in the total deferred tax adjustment amount.
- (7) Where the deferred tax expense relates to covered taxes where the rate is greater than 15%, the amount of that expense (after adjustment under [subsections \(2\) to \(6\)](#)) is to be adjusted so that it reflects the amount it would have been had the rate been 15%.
- (8) For the purposes of [this section](#)—
 - “disallowed accrual” means—
 - (a) any movement in deferred tax expense reflected in the member’s underlying profits which relates to an uncertain tax position, or
 - (b) any movement in deferred tax expense reflected in those profits which relates to distributions from another member of that group;
 - “unclaimed accrual” means an increase in a deferred tax liability reflected in the member’s underlying profits for an accounting period—
 - (a) that is not expected to be reversed before the end of the fifth accounting period after that period, and
 - (b) in respect of which the filing member has elected not to include in the total deferred tax adjustment amount for that period.

[Paragraph 2 of Schedule 15](#) (annual elections) applies to an election not to include an unclaimed accrual in the total deferred tax adjustment amount.