



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3

MULTINATIONAL TOP-UP TAX

CHAPTER 8

FURTHER ADJUSTMENTS

Other adjustments

216 Election where assets and liabilities adjusted to fair value for tax purposes

- (1) **This section** applies to a member of a multinational group if the filing member has made an election under **this section** in respect of a relevant tax adjustment made in an accounting period (“the adjustment period”) in relation to that member.
- (2) A “relevant tax adjustment” is an adjustment to the value of assets or liabilities of a member of a multinational group for tax purposes so that they reflect fair value that is required or permitted, under the law of the territory the member is located in, as a result of the occurrence of an event.
- (3) But adjustments made in connection with transfer pricing, or in connection with the sale of assets in the course of carrying on a trade, are not relevant tax adjustments.
- (4) Where **this section** applies to the member—
 - (a) the member has an adjustment amount in respect of each asset or liability that is subject to the relevant adjustment, and
 - (b) the value of an asset or liability subject to the relevant adjustment is to be treated, for the purpose of determining the member’s adjusted profits in the adjustment period and subsequent accounting periods, as its fair value immediately after occurrence of the event that caused, or enabled, the adjustment to be made.

Status: Point in time view as at 11/07/2023.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 216. (See end of Document for details)

- (5) An adjustment amount is to be—
- (a) included in the adjusted profits of the member for the adjustment period, or
 - (b) split into 5 equal amounts to be included in the adjusted profits of the member in that period and the subsequent 4 accounting periods.
- (6) But where the adjustment amount is split between those accounting periods and the member leaves the multinational group before the end of the 4th subsequent accounting period, any amount of the adjustment amount that has not been included in the adjusted profits of the member for a previous accounting period is to be included in the adjusted profits of the member for the final accounting period in which it was a member of the group.
- (7) The adjustment amount of a member of a multinational group in respect of an asset or liability subject to a relevant adjustment is the amount given by—
- (a) subtracting the carrying value of the asset or liability immediately before the event that caused, or enabled, the adjustment to be made from the fair value of the asset immediately after occurrence of that event, and
 - (b) if that event resulted in a non-qualifying gain or loss (within the meaning given by [section 210\(2\)](#)) for the member—
 - (i) in the case of a non-qualifying gain, reducing the result of paragraph (a) by the amount of that gain, or
 - (ii) in the case of a non-qualifying loss, increasing the result of paragraph (a) by the amount of that loss.
- (8) [Paragraph 2 of Schedule 15](#) (annual elections) applies to an election under this section.

Status:

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