



# Finance (No. 2) Act 2023

## 2023 CHAPTER 30

### PART 3

#### MULTINATIONAL TOP-UP TAX

#### CHAPTER 10

#### DEFINITIONS ETC

#### *Ownership of entities*

#### **242 Ownership interests and controlling interests**

- (1) In this Part “ownership interest” means a direct ownership interest or an indirect ownership interest.
- (2) An entity or an individual (“A”) has a direct ownership interest in an entity (“B”) if—
  - (a) A has an interest (whether by way of shares, other security or otherwise) that gives rise to a share of the profits, capital or reserves of B or of a permanent establishment of B (whether on the making of a distribution of profits, winding up or otherwise), and
  - (b) that interest would, ignoring any requirement to consolidate the assets, liabilities, income, expenses and cash flows of B in the consolidated financial statements of A, be accounted for as equity in those statements.
- (3) An entity or an individual (“C”) has an indirect ownership interest in an entity (“D”) if C has a direct ownership interest in—
  - (a) an entity that has a direct ownership interest in D, or
  - (b) an entity that has (as a result of the single or repeated application of this subsection) an indirect ownership interest in D.
- (4) An entity (“R”) has a controlling interest in another entity (“S”) if condition A or B is met.

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**Status:** Point in time view as at 01/08/2023.

**Changes to legislation:** There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 242. (See end of Document for details)

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- (5) Condition A is that as a result of an ownership interest R has in S—
- (a) R is required to consolidate the assets, liabilities, income, expenses and cash flows of S on a line-by-line basis in accordance with an acceptable financial accounting standard, or
  - (b) R would have been required to do so if R had prepared consolidated financial statements.
- (6) Condition B is that S is a permanent establishment of R.

**Status:**

Point in time view as at 01/08/2023.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 242.