



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 3 U.K.

MULTINATIONAL TOP-UP TAX

CHAPTER 10 U.K.

DEFINITIONS ETC

Ownership of entities

246 Calculating percentage direct and indirect ownership interests U.K.

- (1) To determine the percentage of direct ownership interest an entity or individual (“E”) has in an entity (“F”)—
 - (a) add together the proportional entitlement of E to the following types of interest that are relevant—
 - (i) an interest that gives rise to a share of profits of F,
 - (ii) an interest that gives rise to a share of the capital of F, and
 - (iii) an interest that gives rise to a share of the reserves of F, and
 - (b) if—
 - (i) F issues all of those types of interest and all of those types are relevant, divide the result of [paragraph \(a\)](#) by 3, or
 - (ii) F only issues 2 of the relevant types of interest or there are only 2 types of interest that are relevant and E issues both of them, divide the result of [paragraph \(a\)](#) by 2.
- (2) For the purposes of [subsection \(1\)](#)—
 - (a) where a provision under which a percentage of ownership interests is to be determined refers to types of interest mentioned in those sub-paragraphs, the types referred to are “relevant”, and

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Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 246. (See end of Document for details)

- (b) where such a provision does not refer to types of interest mentioned in [sub-paragraphs \(i\) to \(iii\) of subsection \(1\)\(a\)](#), all of those types of interest are “relevant”.
- (3) To determine the percentage indirect ownership interest an entity or individual (“G”) has in an entity (“H”)—
 - (a) determine the percentage indirect ownership interest arising as a result of each stack through which it has an indirect ownership interest in H, and
 - (b) add those percentage indirect ownership interests for those stacks together.
- (4) For the purposes of [subsection \(3\)](#) a “stack” means a chain of entities through which G has an indirect ownership interest in H which is comprised of an entity (“J”) which has a direct ownership interest in H and—
 - (a) where G has a direct ownership interest in J, G, or
 - (b) where G does not have a direct ownership interest in J—
 - (i) G,
 - (ii) an entity (“K”) which has a direct ownership interest in J and that G has a direct or indirect ownership interest in, and
 - (iii) where G does not have a direct ownership interest in K, an entity which has a direct ownership interest in K and that G has a direct or indirect ownership interest in, and so on until an entity is reached that G has a direct ownership interest in.
- (5) To determine G’s percentage indirect ownership interest in H arising as a result of a stack—
 - (a) determine, in accordance with [subsection \(1\)](#)—
 - (i) J’s percentage direct ownership interest in H, and
 - (ii) the percentage direct ownership interest each other member of the stack has in the member of the stack it has a direct ownership interest in, and
 - (b) multiply together the percentage direct ownership interests determined under [paragraph \(a\)](#).

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