
STATUTORY INSTRUMENTS

2012 No. 458

The Bank Levy (Double Taxation Relief) Regulations 2012

Double taxation relief by way of credit

Double taxation relief

4.—(1) Where these Regulations apply, an amount of the equivalent foreign levy paid is allowed as a credit against the bank levy for a chargeable period (see regulation 5).

(2) Subject to the provisions of these Regulations, the amount of the bank levy for the chargeable period is reduced by the amount of the credit.

(3) But the amount of the bank levy shall not be reduced to below nil.

(4) The credit under paragraph (2) requires a claim.

Calculation of the credit

5. Take steps 1 to 4 to determine how much of the equivalent foreign levy is available as a credit against the bank levy.

Step 1

Determine the amount (“A”) of assets of the relevant group or the relevant entity as at the end of the chargeable period by reference to which the equivalent foreign levy is calculated.

Step 2

Determine the amount (“B”) of UK assets as at the end of the chargeable period by reference to which the equivalent foreign levy is calculated.

Step 3

Determine the amount of the equivalent foreign levy paid (“C”) in relation to the chargeable period.

If a proportion (Z%) of the period in relation to which the equivalent foreign levy is calculated falls in any other chargeable period, Z% of the equivalent foreign levy shall be attributable to that other period.

Step 4

The amount of the equivalent foreign levy available as a credit against the bank levy is

$$\frac{B}{A} \times C$$

Determining assets and UK assets

6.—(1) This regulation applies to determine the assets and the UK assets of the relevant group or relevant entity.

(2) In the case of the relevant group, the amount of the assets and the UK assets are determined by reference to—

- (a) the amounts recognised in the group’s consolidated financial statements for the chargeable period as prepared under international accounting standards or UK GAAP, or
 - (b) if no such financial statements are prepared, the amounts which would have been so recognised had consolidated financial statements for the group been prepared for the chargeable period under international accounting standards.
- (3) In the case of the relevant entity, assets and UK assets are determined by reference to—
- (a) the amounts recognised in the entity’s financial statements for the chargeable period as prepared under international accounting standards or UK GAAP, or
 - (b) if no such financial statements are prepared, the amounts which would have been so recognised had such financial statements been prepared for the chargeable period under international accounting standards or under UK GAAP if that is what the entity prepares its financial statements under.
- (4) For the purposes of these Regulations, “UK assets” means—
- (a) in relation to the relevant group—
 - (i) the assets of any relevant UK sub-group which is a member of the relevant group,
 - (ii) the assets of any UK resident entity which is a member of the relevant group but is not a member of a relevant UK sub-group,
 - (iii) the assets of a non-UK resident entity which is a member of the relevant group and is a member of a UK sub-group but is not a member of a relevant UK sub-group, and
 - (iv) the assets of any permanent establishment through which any member of the relevant group carries on a trade in the UK; and
 - (b) in relation to the relevant entity, the assets of any permanent establishment through which the entity carries on a trade in the UK.
- (5) Paragraph 26 (including sub-paragraph (4)) of Schedule 19 to the Finance Act 2011 applies for the purposes of determining the assets of a permanent establishment.

Exchange rates

7. Where the equivalent foreign levy is imposed in a currency other than sterling, for the purposes of regulation 5 the amount of equivalent foreign currency is to be translated into its sterling equivalent by reference to the spot rate of exchange for the last day of the chargeable period in relation to which the credit is claimed.