
STATUTORY INSTRUMENTS

2012 No. 458

The Bank Levy (Double Taxation Relief) Regulations 2012

Limits on credit

Priority of credits

12.—(1) Where credits are allowed in relation to equivalent foreign levies imposed by the law of two or more foreign territories under these Regulations or under these Regulations and any Regulations made under paragraph 66 (arrangements affording double taxation relief) or paragraph 67 (power to provide for double taxation relief) of Schedule 19 to the Finance Act 2011, the credits apply to reduce the bank levy in the order specified in paragraph (2), subject to paragraphs (3) and (4).

(2) The order is—

First, any credit allowed in relation to the equivalent foreign levy imposed by the law of the foreign territory in which the parent entity is resident.

Second, any credit allowed in relation to the equivalent foreign levy imposed by the law of the foreign territory in which a direct subsidiary (“the first subsidiary”) is resident or a permanent establishment of the parent entity is located.

Third, any credit allowed in relation to an equivalent foreign levy imposed by the law of the foreign territory in which a direct subsidiary (“the second subsidiary”) is resident or a permanent establishment of the first subsidiary is located.

Fourth, any credit allowed in relation to an equivalent foreign levy imposed by the law of the foreign territory in which a direct subsidiary of the second subsidiary is resident or a permanent establishment of the second subsidiary is located, and so on in relation to any fourth and further subsidiaries.

(3) If an entity has direct subsidiaries (“the elected subsidiaries”) in more than one foreign territory which imposes an equivalent foreign levy, the responsible member shall elect as to the order (“the elected order”) in which the credits allowed in relation to the equivalent foreign levies shall be applied.

(4) If any of the elected subsidiaries themselves have direct subsidiaries in more than one foreign territory which imposes an equivalent foreign levy, paragraphs (2) and (3) shall apply to those direct subsidiaries in the elected order and paragraph (2) shall apply as if each elected subsidiary were a parent entity.

(5) For the purposes of this regulation, where an equivalent foreign levy is not imposed by the law of the foreign territory in which an entity (“E”) is resident, any direct subsidiary of E shall be treated as the direct subsidiary of the entity which is the parent entity of E.