



# Finance (No. 2) Act 2023

## 2023 CHAPTER 30

### PART 3

#### MULTINATIONAL TOP-UP TAX

### CHAPTER 5

#### COVERED TAX BALANCE

##### *Dealing with deferred tax assets etc*

#### **183 Qualifying foreign tax credits (substitute loss carry forward assets)**

- (1) A qualifying foreign tax credit of a member of a multinational group is to be included in the member's total deferred tax adjustment amount.
- (2) A foreign tax credit is qualifying if—
  - (a) the territory in which the member is located—
    - (i) requires that domestic losses are offset against relevant foreign income before foreign tax credits can be applied against tax on foreign income, and
    - (ii) permits foreign tax credits to be used to offset tax on domestic profits to the extent to which domestic losses have been offset against relevant foreign income in a previous taxable period,
  - (b) the member has used a domestic loss to offset (in whole or in part) relevant foreign income, and
  - (c) the foreign tax credit is in respect of tax imposed by another territory on that foreign income.
- (3) The amount that may be included in the total deferred tax adjustment amount of the member is the lesser of—
  - (a) the foreign tax paid, and

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**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance (No. 2) Act 2023. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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- (b) the amount of domestic loss used to offset the relevant foreign income, multiplied by the tax rate in respect of which the foreign tax was calculated.
- (4) [Section 182\(7\)](#) (adjustment where rate of tax exceeds 15%) applies to a qualifying tax credit included in the member’s total deferred tax adjustment amount as it applies to the member’s deferred tax expense.
- (5) In [this section](#) “relevant foreign income”, in relation to a member of a multinational group, means income of a controlled foreign company of the member on which the member is taxed as a result of a controlled foreign company tax regime.

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**Changes and effects yet to be applied to :**

- s. 183(3)(b) words substituted by [2024 c. 3 Sch. 12 para. 20\(2\)](#)
- s. 183(4) word inserted by [2024 c. 3 Sch. 12 para. 20\(3\)](#)
- s. 183(5) words inserted by [2024 c. 3 Sch. 12 para. 20\(4\)](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 131(2)(3) substituted for s. 131(2) by [2024 c. 3 Sch. 12 para. 5\(3\)](#)
- s. 147A inserted by [2024 c. 3 Sch. 12 para. 8\(1\)](#)
- s. 148A-148C inserted by [2024 c. 3 Sch. 12 para. 8\(3\)](#)
- s. 150(6A) inserted by [2024 c. 3 Sch. 12 para. 50\(5\)\(b\)](#)
- s. 151(1)(c) and word inserted by [2024 c. 3 Sch. 12 para. 9\(2\)\(d\)](#)
- s. 151(1)(aa) inserted by [2024 c. 3 Sch. 12 para. 9\(2\)\(c\)](#)
- s. 151(6A) inserted by [2024 c. 3 Sch. 12 para. 9\(4\)](#)
- s. 151(8) inserted by [2024 c. 3 Sch. 12 para. 9\(6\)](#)
- s. 159(1)(a)(b) substituted for words by [2024 c. 3 Sch. 12 para. 12\(2\)](#)
- s. 159(2)(a)(b) substituted for words by [2024 c. 3 Sch. 12 para. 12\(3\)](#)
- s. 159(3)(a)(b) substituted for words by [2024 c. 3 Sch. 12 para. 12\(4\)](#)
- s. 159(4) inserted by [2024 c. 3 Sch. 12 para. 12\(5\)](#)
- s. 165(2)(a)(i)(ii) s. 165(2)(a)(b) become s. 165(2)(a)(i)(ii) by [2024 c. 3 Sch. 12 para. 50\(6\)\(b\)](#)
- s. 168(12) inserted by [2024 c. 3 Sch. 12 para. 14\(8\)](#)
- s. 170(2A) inserted by [2024 c. 3 Sch. 12 para. 14\(9\)\(b\)](#)
- s. 176A-176C and cross-heading inserted by [2024 c. 3 Sch. 12 para. 8\(6\)](#)
- s. 176D-176F and cross-heading inserted by [2024 c. 3 Sch. 12 para. 16\(1\)](#)
- s. 178(1A)(1B) inserted by [2024 c. 3 Sch. 12 para. 17\(4\)](#)
- s. 178(5)(6) inserted by [2024 c. 3 Sch. 12 para. 17\(6\)](#)
- s. 179(1A) inserted by [2024 c. 3 Sch. 12 para. 17\(7\)\(a\)](#)
- s. 179(3A)(3B) inserted by [2024 c. 3 Sch. 12 para. 17\(7\)\(b\)](#)
- s. 180(8)(b)(ii)(iia) substituted for s. 180(8)(b)(ii) by [2024 c. 3 Sch. 12 para. 19\(4\)](#)
- s. 183A inserted by [2024 c. 3 Sch. 12 para. 20\(5\)](#)
- s. 195(7A) inserted by [2024 c. 3 Sch. 12 para. 25\(1\)](#)
- s. 196(1)(e) and words inserted by [2024 c. 3 Sch. 12 para. 22\(1\)\(b\)](#)
- s. 196(1A) inserted by [2024 c. 3 Sch. 12 para. 21\(1\)\(b\)](#)
- s. 197(4)(d)(e) inserted by [2024 c. 3 Sch. 12 para. 23\(b\)](#)
- s. 197(5)(c) and word inserted by [2024 c. 3 Sch. 12 para. 22\(2\)\(e\)](#)
- s. 197(6A) inserted by [2024 c. 3 Sch. 12 para. 21\(2\)](#)
- s. 197(7A) inserted by [2024 c. 3 Sch. 12 para. 24](#)
- s. 197A inserted by [2024 c. 3 Sch. 12 para. 25\(2\)](#)
- s. 198A inserted by [2024 c. 3 Sch. 12 para. 26](#)
- s. 211(1)-(1C) substituted for s. 211(1) by [2024 c. 3 Sch. 12 para. 27\(a\)](#)
- s. 213(6A) inserted by [2024 c. 3 Sch. 12 para. 28](#)
- s. 232(3A) inserted by [2024 c. 3 Sch. 12 para. 4\(6\)](#)
- s. 232A inserted by [2024 c. 3 Sch. 12 para. 2\(2\)](#)
- s. 236(2A) inserted by [2024 c. 3 Sch. 12 para. 31\(3\)](#)
- s. 251A inserted by [2024 c. 3 Sch. 12 para. 29\(1\)](#)
- s. 253(2)(b)(va) inserted by [2024 c. 3 Sch. 12 para. 56\(10\)\(c\)\(iii\)](#)
- s. 255(2A) inserted by [2024 c. 3 Sch. 12 para. 34\(1\)\(a\)](#)

- s. 255(4)-(6) inserted by 2024 c. 3 Sch. 12 para. 34(1)(c)
- s. 256A inserted by 2024 c. 3 Sch. 12 para. 35(1)
- s. 262(1A)-(1D) inserted by 2024 c. 3 Sch. 12 para. 36
- s. 267(3A) inserted by 2024 c. 3 Sch. 12 para. 42(1)(a)
- s. 267(3B)-(3D) inserted by 2024 c. 3 Sch. 12 para. 43(1)(b)
- s. 267A inserted by 2024 c. 3 Sch. 12 para. 42(2)
- s. 268A inserted by 2024 c. 3 Sch. 12 para. 2(4)
- s. 272(8)(da) inserted by 2024 c. 3 Sch. 12 para. 44(1)
- s. 272(9)-(11) inserted by 2024 c. 3 Sch. 12 para. 43(3)(b)
- s. 272A inserted by 2024 c. 3 Sch. 12 para. 42(3)
- s. 273(3)(ba) inserted by 2024 c. 3 Sch. 12 para. 44(2)
- s. 273(4)(pa) inserted by 2024 c. 3 Sch. 12 para. 57(3)(c)
- s. 273A273B inserted by 2024 c. 3 Sch. 12 para. 45(1)
- s. 273C inserted by 2024 c. 3 Sch. 12 para. 46
- s. 276(c)(iiia) inserted by 2024 c. 3 Sch. 12 para. 45(2)(b)
- s. 276(aa) inserted by 2024 c. 3 Sch. 12 para. 45(2)(a)
- s. 311A inserted by 2024 c. 3 s. 21(3)
- Sch. 14 para. 37A37B and cross-heading inserted by 2024 c. 3 Sch. 12 para. 2(6)(b)
- Sch. 14 para. 39(1)(aa) inserted by 2024 c. 3 Sch. 12 para. 2(6)(c)(ii)
- Sch. 14 para. 39(2)(aa) inserted by 2024 c. 3 Sch. 12 para. 2(6)(c)(iii)
- Sch. 14 para. 33A inserted by 2024 c. 3 Sch. 12 para. 37(3)
- Sch. 14 para. 6(1A) inserted by 2024 c. 3 Sch. 12 para. 58(1)(a)
- Sch. 14 para. 34(2A) inserted by 2024 c. 3 Sch. 12 para. 58(1)(b)(ii)
- Sch. 14 para. 3(3)-(5) substituted for Sch. 14 para. 3(3) by 2024 c. 3 Sch. 12 para. 2(6)(a)(iii)
- Sch. 15 para. 2(1)(za) inserted by 2024 c. 3 Sch. 12 para. 16(2)
- Sch. 15 para. 2(1)(k) inserted by 2024 c. 3 Sch. 12 para. 40(2)
- Sch. 15 para. 2(1)(l) inserted by 2024 c. 3 Sch. 12 para. 41(4)
- Sch. 15 para. 1(1)(aa) inserted by 2024 c. 3 Sch. 12 para. 58(2)(a)
- Sch. 15 para. 2(1)(ea) inserted by 2024 c. 3 Sch. 12 para. 58(2)(b)(i)
- Sch. 15 para. 2(1)(fa) inserted by 2024 c. 3 Sch. 12 para. 58(2)(b)(ii)
- Sch. 16 para. 10(1) Sch. 16 para. 10 renumbered as Sch. 16 para. 10(1) by 2024 c. 3 Sch. 12 para. 58(3)(a)
- Sch. 16 para. 2(11)(b) inserted by 2024 c. 3 Sch. 12 para. 34(2)(d)(ii)
- Sch. 16 para. 2(3A) inserted by 2024 c. 3 Sch. 12 para. 38(3)
- Sch. 16 para. 2(12)(13) inserted by 2024 c. 3 Sch. 12 para. 38(8)
- Sch. 16 para. 4(3)(d) and word inserted by 2024 c. 3 Sch. 12 para. 39(3)(a)(ii)
- Sch. 16 Pt. 3 inserted by 2024 c. 3 Sch. 12 para. 40(1)
- Sch. 16 para. 10(2)(3) inserted by 2024 c. 3 Sch. 12 para. 58(3)(d)
- Sch. 16 para. 2(1)(b)(ba) substituted for Sch. 16 para. 2(1)(b) by 2024 c. 3 Sch. 12 para. 34(2)(a)
- Sch. 16 para. 3(1)(1A) substituted for Sch. 16 para. 3(1) by 2024 c. 3 Sch. 12 para. 39(2)
- Sch. 16 para. 3(7)-(9) substituted for Sch. 16 para. 3(7)(8) by 2024 c. 3 Sch. 12 para. 29(2)
- Sch. 16 para. 10(1)(a) word substituted by 2024 c. 3 Sch. 12 para. 58(3)(c)
- Sch. 16 para. 10(1) words inserted by 2024 c. 3 Sch. 12 para. 58(3)(b)(ii)
- Sch. 16 para. 10(1) words substituted by 2024 c. 3 Sch. 12 para. 58(3)(b)(i)
- Sch. 16A inserted by 2024 c. 3 Sch. 12 para. 41(1)