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SCHEDULES

SCHEDULE 12

PILLAR TWO

PART 2

MULTINATIONAL TOP-UP TAX

Application of Pillar Two rules to members of a group

- 34 (1) In section 255 (meaning of Pillar Two rules)—
- (a) after subsection (2) insert—
 - “(2A) Pillar Two rules apply to a member of a multinational group (“the relevant member”) in an accounting period if conditions A, B and C are met.”,
 - (b) in subsection (3)—
 - (i) for the words before paragraph (a) substitute “Condition A is met if—”,
 - (ii) in paragraph (a), after “multinational group” insert “for the accounting period”, and
 - (iii) in paragraph (b), after “multinational group” insert “for the accounting period”, and
 - (c) after that subsection insert—
 - “(4) Condition B is that—
 - (a) the ultimate parent is subject to Pillar Two IIR tax for the accounting period and is not located in the same territory as the relevant member,
 - (b) an intermediate parent member of the group is subject to Pillar Two IIR tax for the accounting period, is not located in the same territory as the relevant member and has an ownership interest in—
 - (i) the relevant member, or
 - (ii) a member of the group located in the same territory as the relevant member, or
 - (c) any member of the group is located in a territory in which a qualifying undertaxed profits tax is in force for the accounting period.
- (5) Condition C is that no transitional safe harbour election applies to the relevant member for that period.

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- (6) For the purposes of this Part “transitional safe harbour election” means—
- (a) an election under paragraph 3(1) (transitional safe harbour), or
 - (b) an election corresponding to that election for the purposes of a tax imposed by a Pillar Two territory that is equivalent to multinational top-up tax so far as it relates to top-up tax under the IIR (within the meaning of the Pillar Two rules).”
- (2) In paragraph 2 of Schedule 16 (intra-group transfers before entry into regime)—
- (a) in sub-paragraph (1), for paragraph (b) substitute—
 - “(b) the Pillar Two rules do not apply to the transferor for the accounting period in which the transfer takes place (but in determining this, section 255(4) has effect as if sub-paragraph (ii) of paragraph (b) were omitted),
 - (ba) a qualifying domestic top-up tax does not apply in relation to the transferor for that period, and”,
 - (b) in sub-paragraph (4)(b)—
 - (i) in the words before sub-paragraph (i), after “which” insert “the Pillar Two rules apply to the transferee.”, and
 - (ii) omit sub-paragraphs (i) and (ii),
 - (c) in sub-paragraph (6), in paragraph (a) of Step 2, for paragraph (a) substitute—
 - “(a) the ultimate parent had been located in the United Kingdom and the accounting period commenced on or after 31 December 2023, and”,
 - (d) in sub-paragraph (11)—
 - (i) the words from ““a transfer” to the end become paragraph (a), and
 - (ii) after that paragraph insert—
 - “(b) a qualifying domestic top-up tax is not to be taken as applying to a member of a multinational group if provision for a QDMTT Safe Harbour (within the meaning of the Pillar Two rules) applies to it.”
- (3) In paragraph 3 of that Schedule—
- (a) in sub-paragraph (2)(c)(ii), for “applied to members” substitute “would, ignoring any transitional safe harbour election, have applied to any member”, and
 - (b) omit sub-paragraph (4).

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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):

- Sch. 9 para. 132(1) Sch. 9 para. 132 renumbered as Sch. 9 para. 132(1) by [S.I. 2024/356 reg. 4\(23\)\(a\)](#)
- Sch. 9 para. 125(1)(c) and word inserted by [S.I. 2024/356 reg. 4\(3\)\(b\)](#)
- Sch. 9 para. 125(3A) inserted by [S.I. 2024/356 reg. 4\(6\)](#)
- Sch. 9 para. 126(1)(c) inserted by [S.I. 2024/356 reg. 4\(9\)\(c\)](#)
- Sch. 9 para. 126(3A) inserted by [S.I. 2024/356 reg. 4\(10\)](#)
- Sch. 9 para. 127A and cross-heading inserted by [S.I. 2024/356 reg. 4\(12\)](#)
- Sch. 9 para. 128(6)(a)(zi) inserted by [S.I. 2024/356 reg. 4\(13\)](#)
- Sch. 9 para. 129(1)(c)(d) inserted by [S.I. 2024/356 reg. 4\(15\)\(b\)](#)
- Sch. 9 para. 129(2)(c) and word inserted by [S.I. 2024/356 reg. 4\(16\)\(b\)](#)
- Sch. 9 para. 130A and cross-heading inserted by [S.I. 2024/356 reg. 4\(21\)](#)
- Sch. 9 para. 132(2)-(5) inserted by [S.I. 2024/356 reg. 4\(23\)\(c\)](#)
- Sch. 9 para. 132A and cross-heading inserted by [S.I. 2024/356 reg. 4\(24\)](#)
- Sch. 9 para. 132(1) words inserted by [S.I. 2024/356 reg. 4\(23\)\(b\)](#)