

Amendment 12 to Clause 174: Multinational top-up tax: amount of covered tax balance

Summary

1. This amendment to clause 174 removes an unnecessary step in the calculation of covered taxes for the purpose of the multinational top-up tax. The amendment ensures that the covered tax calculations work as intended.

Details of the amendment

2. This amendment removes step 4 from clause 174(1). This step is not necessary, as clause 175(2)(e) and clause 176(2)(i) ensure the correct allocation of covered taxes arising from clauses 177 to 181 in relation to permanent establishments, hybrid entities, transparent entities, reverse hybrid entities, controlled foreign companies (CFCs) and taxes on distributions.

Background note

3. This amendment amends clause 174 of the new multinational top-up tax regime in order to ensure that the rules for calculating and allocating covered taxes operate as intended.