

Amendment 15 to Schedule 16: Multinational top-up tax: transitional provision

Summary

1. This amendment to Schedule 16 ensures that the anti-avoidance provisions in relation to intra-group transfers apply to all transfers from transferors until they are fully subject to Pillar Two rules.

Details of the amendment

2. This amendment replaces paragraph 2, subparagraph (1)(a) in Schedule 16 and also inserts new subparagraph 1(aa).
3. Subparagraph (1)(a) provides that the anti-avoidance provisions in paragraph 2, subparagraph (3) apply where assets are transferred between members of a multinational group, and the conditions of subparagraph (1)(aa) are met.
4. Subparagraph (1)(aa) requires that either Pillar Two rules do not apply to the transferor in the accounting period when the transfer occurs, or that a transitional safe harbour election applies to the transferor for that period.
5. The effect of this amendment is to ensure that the anti-avoidance provisions apply to all intra-group transfers until the transferor is fully subject to Pillar Two rules.

Background note

6. This amendment amends paragraph 2 of Schedule 16 of the new multinational top-up tax regime in order to ensure that the anti-avoidance provisions apply to all intra-group transfers until such time as the transferor is fully subject to Pillar Two rules.