
European Tax Newsalert

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UK Finance Bill 2012 is enacted for US GAAP purposes

Background

On July 17, 2012, the UK Finance Bill 2012 received Royal Assent and will be considered enacted for US GAAP purposes on that date. This will have a number of implications for US GAAP reporting.

Summary of the key changes enacted

Taxpayers should account for the reduced UK corporation tax rate -- to 24% effective April 1, 2012 and to 23% effective April 1, 2013 -- to determine the value of deferred tax assets and liabilities for US GAAP purposes.

Although the government announced that it would further reduce the UK corporation tax rate to 22% effective April 1, 2014, this has not been enacted. We expect that Finance Bill 2013 will enact this additional reduction.

Finance Bill 2012 also included changes to the Controlled Foreign Company provisions and the introduction of the Patent Box. Although the commencement date for these provisions remains unchanged from the dates previously released, these provisions should be regarded as enacted effective July 17, 2012.

Companies should understand how the UK Finance Bill's enactment could impact their financial statements and operations.



For more information, please contact:

The UK Desk team in New York

Ian Prideaux 646-471-3314 ian.prideaux@us.pwc.com

Mark Sefton 646-471-7003 mark.j.x.sefton@us.pwc.com

Alan Carroll 646-471-8511 alan.carroll@us.pwc.com

Rebecca Bowness 646-471-8671 rebecca.x.bowness@us.pwc.com

Solicitation.

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