



Corporation Tax Act 2010

2010 CHAPTER 4

PART 12

REAL ESTATE INVESTMENT TRUSTS

CHAPTER 1

INTRODUCTION

Introductory

518 Introduction to Part

- (1) This Part—
 - (a) enables a group of companies which carries on property rental business and which meets requirements specified in Chapter 2 to opt to benefit from exemptions from corporation tax on profits and gains in accordance with Chapter 3, and
 - (b) imposes liabilities to tax on members of the group and the recipients of distributions made by the principal company of the group.
- (2) This Part makes corresponding provision in relation to a company which carries on property rental business and which meets requirements specified in Chapter 2.
- (3) In addition—
 - (a) Chapter 4 deals with some of the consequences of becoming, or becoming a member of, a UK REIT,
 - (b) Chapters 5, 6 and 7 contain provision relating to (respectively) assets of, distributions made by, and gains arising to a UK REIT,
 - (c) Chapter 8 contains provision about failure to meet requirements specified in Chapter 2,

Status: This is the original version (as it was originally enacted).

- (d) Chapter 9 contains provision about ceasing to be, or to be a member of, a UK REIT,
 - (e) Chapter 10 provides for the application of this Part in relation to property rental business carried on by way of a joint venture, and
 - (f) Chapter 11 contains miscellaneous provision and definitions.
- (4) In this Part “UK REIT” means—
- (a) a group UK REIT (see section 523(5)), or
 - (b) a company UK REIT (see section 524(5)).

Key concepts

519 “Property rental business”

- (1) In this Part “property rental business” means—
- (a) UK property business (within the meaning given by section 205 of CTA 2009), and
 - (b) overseas property business (within the meaning given by section 206 of that Act).
- (2) For the purposes of subsection (1) ignore the effect of section 42(2) of CTA 2009 (which provides for receipts and expenses in connection with tied premises to be treated as part of a trade and not as part of a property business).
- (3) The definition of “property rental business” is subject to—
- (a) section 598(3) (which provides that certain lettings of property by a joint venture company or a member of a joint venture group are not property rental business),
 - (b) section 604 (which provides that business of a specified class is not property rental business), and
 - (c) section 605 (which provides that business giving rise to income of a specified class is not property rental business).
- (4) Business carried on by a non-UK company which is a member of a group is property rental business for the purposes of this Part if the business would be property rental business if carried on by a UK company.

520 “UK property rental business” of non-UK companies

- (1) In this Part references to “UK property rental business”, in relation to a non-UK company, are to the company’s property rental business in the United Kingdom.
- (2) Subsection (3) applies if—
- (a) a non-UK company which is a member of a group UK REIT has UK property rental business, and
 - (b) the profits of that business would be chargeable to income tax under Chapter 3 of Part 3 of ITTOIA 2005.
- (3) Profits of the UK property rental business—
- (a) are to be treated for the purposes of this Part as if they were (subject to the application of this Part) chargeable to corporation tax, and
 - (b) are not to be charged to income tax.

521 “UK company” and “non-UK company”

- (1) In this Part “UK company” means a company which is—
- (a) UK resident, and
 - (b) not resident in another place in accordance with the law of that place relating to taxation.
- (2) References in this Part to a “non-UK company”, in the case of a group of companies, are to be read in accordance with subsection (1) (and references in such a case to a company which is a “UK member” or “non-UK member” of the group are to be read accordingly).

522 “Residual business”

In this Part “residual business” means business which is not property rental business.