



Corporation Tax Act 2010

2010 CHAPTER 4

PART 12

REAL ESTATE INVESTMENT TRUSTS

CHAPTER 2

REQUIREMENTS FOR BEING A UK REIT

Being a UK REIT in relation to an accounting period

528 Conditions for company

- (1) Condition A is that the company is a UK company.
- (2) Condition B is that section 236 of FISMA 2000 (open-ended investment companies) does not apply to the company.
- (3) Condition C is that—
 - [^{F1}(a) the shares forming the company's ordinary share capital are [^{F2}admitted to trading] on a recognised stock exchange][^{F3}, or
 - (b) at least 70% of the shares forming the company's ordinary share capital are owned by one or more institutional investors (see sections 528ZA and 528ZB).]

[^{F4}(3A) Subsection (3B) applies where condition C ceases to be met in relation to a company UK REIT or the principal company of a group UK REIT as a result of subsection (3) (b) ceasing to apply in relation to that company.

(3B) The company is to be treated as if condition C continued to be met in relation to that company as a result of that subsection for the period of 12 months beginning with the day on which this subsection begins to apply.]

- (4) Condition D is that the company—

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- (a) is not a close company, or
- (b) is a close company only because it has as a participator (within the meaning given by section 454) [^{F5}an institutional investor].

[^{F6}(4A) Institutional investor” means any of the following persons—

- (a) the trustee or manager of—
 - (i) an authorised unit trust scheme (as defined in section 237(3) of FISMA 2000), or
 - (ii) a unit trust scheme (as defined in section 237(1) of FISMA 2000) which is authorised under the law of a territory outside the United Kingdom in a way which makes it, under that law, the equivalent of an authorised unit trust scheme (as defined in section 237(3) of that Act);
- (b) a company—
 - (i) which is an open-ended investment company (as defined in section 236(1) of FISMA 2000) incorporated by virtue of regulations under section 262 of that Act, or
 - (ii) which is incorporated under the law of a territory outside the United Kingdom and is, under that law, the equivalent of an open-ended investment company (as defined in section 236(1) of FISMA 2000);
- (c) a person acting on behalf of a limited partnership which is a collective investment scheme (as defined in section 235 of FISMA 2000);
- (d) the trustee or manager of a pension scheme (as defined in section 150(1) of FA 2004);
- (e) a person acting in the course of a long-term insurance business (that is, the activity of effecting or carrying out contracts of long-term insurance within the meaning of the Financial Services and Markets (Regulated Activities) Order 2001 (S.I. 2001/544)) who—
 - (i) is authorised under FISMA 2000 to carry on such business, or
 - (ii) has an equivalent authorisation under the law of a territory outside the United Kingdom to carry on such business;
- (f) a charity;
- (g) a person registered under any of the following provisions (which provide for registers of social landlords)—
 - (i) in England, section 111 of the Housing and Regeneration Act 2008;
 - (ii) in Scotland, section 20 of the Housing (Scotland) Act 2010 (asp 17);
 - (iii) in Wales, section 1 of the Housing Act 1996;
 - (iv) in Northern Ireland, Article 14 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15));
- (h) a person who cannot be liable for corporation tax or income tax (as relevant) on the ground of sovereign immunity.
- [^{F7}(i) a UK REIT;
- (j) a person who is resident in a territory outside the United Kingdom in accordance with the law of that territory relating to taxation and is^{F8}... the equivalent of a UK REIT]

(4B) The Treasury may by regulations amend the definition of “institutional investor” by inserting, omitting or amending a description of person in subsection (4A).]

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- (5) For the purposes of subsection (4)(a) a company is to be treated as a close company if it is prevented from being a close company only by section 444 or 447(1)(a).
- (6) Condition E is that—
- (a) each share issued by the company either—
 - (i) forms part of the company's ordinary share capital, or
 - (ii) is a non-voting restricted preference share, and
 - (b) there is no more than one class of ordinary share issued by the company.
- (7) For the purposes of condition E—
- (a) “restricted preference share” means a share which is a restricted preference share (within the meaning of section 160) or would be but for the fact that it carries a right of conversion into shares or securities in the company, and
 - (b) a share is “non-voting” if it carries no right to vote at a general meeting of the company or if it carries a right to vote which is contingent on the non-payment of a dividend and which has not become exercisable.
- (8) Condition F is that in the case of a loan in respect of which the company is a debtor—
- (a) the loan creditor is not entitled to an amount by way of interest which depends to any extent on the results of all or part of the company's business or on the value of any of the company's assets,
 - (b) the loan creditor is not entitled to an amount by way of interest which exceeds a reasonable commercial return on the consideration lent, and
 - (c) the loan creditor is entitled on repayment to an amount which either does not exceed the consideration lent or is reasonably comparable with the amount generally repayable (in respect of an equal amount of consideration) under the terms of issue of securities listed on a recognised stock exchange.
- (9) For the purposes of condition F a loan is not dependent on the results of the company's business merely because the terms of the loan provide—
- (a) for the interest to be reduced in the event of the results improving, or
 - (b) for the interest to be increased in the event of the results deteriorating.

Textual Amendments

- F1** Words in [s. 528\(3\)\(a\)](#) in s. 528(3) renumbered as s. 528(3)(a) (1.4.2022 in relation to accounting periods (within the meaning of Part 12 of CTA 2010) that begin on or after that date) by [Finance Act 2022 \(c. 3\)](#), [Sch. 3 paras. 2\(2\)\(a\)\(i\)](#), 6(1)
- F2** Words in s. 528(3) substituted (with effect in accordance with Sch. 4 para. 21 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 4 para. 15](#)
- F3** [S. 528\(3\)\(b\)](#) and word inserted (1.4.2022 in relation to accounting periods (within the meaning of Part 12 of CTA 2010) that begin on or after that date) by [Finance Act 2022 \(c. 3\)](#), [Sch. 3 paras. 2\(2\)\(a\)\(ii\)](#), 6(1)
- F4** [S. 528\(3A\)\(3B\)](#) inserted (1.4.2022 in relation to accounting periods (within the meaning of Part 12 of CTA 2010) that begin on or after that date) by [Finance Act 2022 \(c. 3\)](#), [Sch. 3 paras. 2\(2\)\(b\)](#), 6(1)
- F5** Words in s. 528(4)(b) substituted (with effect in accordance with Sch. 4 para. 13(2)(3) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 4 para. 4\(2\)](#)
- F6** [S. 528\(4A\)\(4B\)](#) inserted (with effect in accordance with Sch. 4 para. 13(2)(3) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 4 para. 4\(3\)](#)

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- F7** S. 528(4A)(i)(j) inserted (1.4.2014) by [The Real Estate Investment Trust \(Amendments to the Corporation Tax Act 2010 and Consequential Amendments\) Regulations 2014 \(S.I. 2014/518\)](#), regs. 1(1), **2(2)** (with reg. 1(2)-(4))
- F8** Words in s. 528(4A)(j) omitted (1.4.2022 in relation to accounting periods (within the meaning of Part 12 of CTA 2010) that begin on or after that date) by virtue of [Finance Act 2022 \(c. 3\)](#), **Sch. 3 paras. 2(2)(c), 6(1)**

Changes to legislation:

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