



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 12

#### REAL ESTATE INVESTMENT TRUSTS

### CHAPTER 4

#### ENTERING THE UK REIT REGIME

#### **536 Effects of entry: corporation tax**

- (1) Property rental business carried on before entry by a company which becomes, or becomes a member of, a UK REIT (an “incoming company”) is to be treated for corporation tax purposes as ceasing at entry.
- (2) Assets which immediately before entry are involved in property rental business of an incoming company are to be treated for corporation tax purposes as being—
  - (a) sold by the pre-entry company immediately before entry, and
  - (b) reacquired immediately after entry by the company so far as it carries on property rental business.
- (3) The sale and reacquisition deemed under subsection (2) is to be treated as being for a consideration equal to the market value of the assets.
- (4) A gain accruing as a result of subsection (2) is not a chargeable gain.
- (5) For corporation tax purposes, one accounting period of an incoming company ends on entry and a new one begins.
- (6) In the case of a group UK REIT—
  - (a) if a percentage of the assets of a member of the group is excluded from a financial statement in accordance with section 533(3), that percentage of those assets is to be ignored in the application of subsection (2) to the member, and

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 4. (See end of Document for details)*

- (b) this section has effect in relation to a non-UK member of the group as if references to property rental business were references to UK property rental business of the member.
- (7) This section does not apply if—
  - (a) a company which was a member of one group UK REIT becomes a member of a different group UK REIT, or
  - (b) a company which was a company UK REIT becomes a member of a group UK REIT.
- (8) This section and section 537 are subject to section 559 (demergers: company leaving group UK REIT).
- (9) For the meaning of “entry”, see section 607(1).

**537 Effects of entry: CAA 2001**

- (1) Subsections (2) to (4) apply for the purposes of CAA 2001.
- (2) The sale and reacquisition deemed under section 536(2)—
  - (a) does not give rise to allowances or charges, and
  - (b) does not enable an election to be made under section 198 or 199 of CAA 2001 (apportionment).
- (3) Section 536(3) (deemed consideration for sale and reacquisition) does not apply.
- (4) Anything done by or to a company which becomes, or becomes a member of, a UK REIT in relation to an asset which is deemed under section 536(2) to be sold and reacquired is to be treated after entry as having been done by or to the company so far as it carries on property rental business.

**<sup>F1</sup>538 Entry charge**

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<p><b>Textual Amendments</b></p> <p><b>F1</b> Ss. 538-540 omitted (17.7.2012) by virtue of <a href="#">Finance Act 2012 (c. 14)</a>, <a href="#">Sch. 4 para. 33</a> (with <a href="#">Sch. 4 para. 33(2)</a>)</p>
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**<sup>F1</sup>539 Calculation of the notional amount**

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<p><b>Textual Amendments</b></p> <p><b>F1</b> Ss. 538-540 omitted (17.7.2012) by virtue of <a href="#">Finance Act 2012 (c. 14)</a>, <a href="#">Sch. 4 para. 33</a> (with <a href="#">Sch. 4 para. 33(2)</a>)</p>
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**<sup>F1</sup>540 Election to treat notional income as arising in instalments**

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