



Corporation Tax Act 2010

2010 CHAPTER 4

PART 12

REAL ESTATE INVESTMENT TRUSTS

CHAPTER 6

DISTRIBUTIONS

Recipients of distributions

548 Distributions: liability to tax

- (1) This section applies if a shareholder of the principal company of a group UK REIT receives a distribution of amounts shown in the financial statement under section 532(2)(a) (statement of group's property rental business) as—
 - (a) profits or gains (or both) of UK members of the group, or
 - (b) profits or gains (or both) of UK property rental business of non-UK members of the group.
- (2) In subsection (1) the reference to the principal company includes a reference to the principal company of the post-cessation group.
- (3) This section also applies if a shareholder of a company UK REIT receives a distribution in respect of profits or gains (or both) of property rental business of the company.
- (4) In subsection (3) the reference to a company UK REIT includes a reference to the post-cessation company.
- (5) If the shareholder is within the charge to corporation tax, the distribution is to be treated as profits of a UK property business (within the meaning given by section 205 of CTA 2009).

Status: Point in time view as at 16/12/2010.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Recipients of distributions. (See end of Document for details)

- (6) If the shareholder is not within the charge to corporation tax, the distribution is to be treated as profits of a UK property business (within the meaning given by section 264 of ITTOIA 2005).
- (7) In the case of a non-UK resident shareholder, the distribution is not non-resident landlord income for the purposes of regulations under section 971 of ITA 2007 (income tax due in respect of income of non-resident landlords).
- (8) See sections 973 and 974 of ITA 2007 (income tax due in respect of distributions) for provision about the deduction of sums representing income tax in relation to distributions of a kind mentioned in this section.

549 Distributions: supplementary

- (1) Section 548 does not apply in relation to a shareholder so far as the shareholder—
 - (a) is a person who is charged to tax under Part 3 of CTA 2009 (trading income) in respect of distributions made by companies that are received in the course of a trade not consisting of insurance business,
 - (b) is a dealer in securities who is charged to income tax under Part 2 of ITTOIA 2005 (trading income) in respect of distributions made by companies,
 - (c) is an individual member of Lloyd's (within the meaning given by section 184(1) of FA 1993) and the distribution is made in respect of assets forming part of—
 - (i) a premium trust fund of the member (within the meaning given by section 174 of FA 1993), or
 - (ii) an ancillary trust fund of the member (within the meaning given by section 176 of that Act), or
 - (d) is a corporate member of Lloyd's (within the meaning given by section 230(1) of FA 1994) and the distribution is made in respect of assets forming part of—
 - (i) a premium trust fund belonging to the member (within the meaning given by section 222 of FA 1994), or
 - (ii) an ancillary trust fund belonging to the member (within the meaning given by section 223 of that Act).
- (2) Section 1109 of this Act and section 397 of ITTOIA 2005 (tax credits in respect of qualifying distributions) do not apply to relevant distributions received by a shareholder.

[^{F1}(2A) Sections 409 to 414 of ITTOIA 2005 (stock dividend income from UK resident companies) do not apply to relevant distributions received by a shareholder.]

- (3) “Relevant distribution” means—
 - (a) in the case of a group UK REIT, a distribution from the principal company of the group of amounts shown in the financial statement under section 532(2) (a) (statement of group's property rental business) as—
 - (i) profits or gains (or both) of UK members of the group, or
 - (ii) profits or gains (or both) of UK property rental business of non-UK members of the group, and
 - (b) in the case of a company UK REIT, a distribution from the company in respect of profits or gains (or both) of its property rental business.

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- (4) Relevant distributions received by a shareholder are to be treated for the purposes of section 548(5) and (6) as the profits of a single business (irrespective of whether the shareholder receives different distributions in different capacities).
- (5) That single business is separate from—
- (a) any other UK property business (within the meaning given by section 205 of CTA 2009) carried on by the shareholder,
 - (b) any other UK property business (within the meaning given by section 264 of ITTOIA 2005) carried on by the shareholder,
 - (c) any overseas property business (within the meaning given by section 206 of CTA 2009) carried on by the shareholder, and
 - (d) any overseas property business (within the meaning given by section 265 of ITTOIA 2005) carried on by the shareholder.
- (6) If a shareholder is a partnership, subsection (4) applies to receipts by a partner of a share of any distribution as it applies to receipts by a shareholder.

Textual Amendments

- F1** [S. 549\(2A\)](#) inserted (with effect in accordance with Sch. 4 para. 12 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 4 para. 5](#)

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