



Corporation Tax Act 2010

2010 CHAPTER 4

PART 12

REAL ESTATE INVESTMENT TRUSTS

CHAPTER 9

LEAVING THE UK REIT REGIME

Effects of cessation

579 Effects of cessation: corporation tax

- (1) Subsections (3) to (7) apply if—
 - (a) a group or company ceases to be a UK REIT, or
 - (b) a company ceases to be a member of a group UK REIT.
- (2) For the purposes of those subsections references to an “exiting company” are to each member of the group UK REIT or (as the case may be) to the company UK REIT.
- (3) Property rental business of an exiting company is to be treated for corporation tax purposes as ceasing immediately before cessation.
- (4) Assets which immediately before cessation are involved in property rental business of an exiting company are to be treated for corporation tax purposes as being—
 - (a) sold immediately before cessation by the company so far as it carries on property rental business, and
 - (b) reacquired immediately after cessation by the post-cessation company.
- (5) The sale and reacquisition deemed under subsection (4) is to be treated as being for a consideration equal to the market value of the assets.

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

- (6) If a percentage of the assets of an exiting company is excluded from a financial statement in accordance with section 533(3), that percentage of those assets is to be ignored for the purposes of subsection (4).
- (7) For corporation tax purposes—
 - (a) an accounting period of the company so far as it carries on residual business ends on cessation, and
 - (b) a new accounting period of the company begins.
- (8) In relation to a non-UK member of a group UK REIT, subsections (3) to (7) have effect as if references to property rental business were references to UK property rental business.
- (9) Subsections (3) to (7) do not apply if—
 - (a) a member of a group UK REIT becomes a member of another group UK REIT, or
 - (b) a company UK REIT becomes a member of a group UK REIT.
- (10) This section is subject to section 559 (demergers: company leaving group UK REIT).

580 Effects of cessation: CAA 2001

- (1) Subsections (3) to (5) apply for the purposes of CAA 2001 if a group or a company ceases to be a UK REIT.
- (2) Subsections (3) to (5) also apply for those purposes if a company ceases to be a member of a group UK REIT.
- (3) The sale and reacquisition deemed under section 579(4)—
 - (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).
- (4) Section 579(5) (deemed consideration for sale and reacquisition) does not apply.
- (5) Anything done before cessation by or to a company so far as it carries on property rental business in relation to an asset which is deemed under section 579(4) to be sold and reacquired is to be treated after cessation as having been done by or to the post-cessation company.
- (6) This section is subject to section 559 (demergers: company leaving group UK REIT).

Changes to legislation:

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