



Corporation Tax Act 2010

2010 CHAPTER 4

PART 12

REAL ESTATE INVESTMENT TRUSTS

CHAPTER 3

TAX TREATMENT OF PROFITS AND GAINS OF UK REITS

[^{F1}535A Gains: disposals of rights or interests in UK property rich companies

- (1) This section applies if—
 - (a) a company (“A”) which is, or is a member of, a UK REIT disposes of an asset, and
 - (b) the asset consists of a right or an interest in a company (“B”) which is UK property rich.
- (2) The appropriate proportion of a gain accruing to A on the disposal is not a chargeable gain.
- (3) The asset disposed of is regarded for the purposes of section 550 as used for the purposes of A’s property rental business to an extent equal to the appropriate proportion.
- (4) In the case of a non-UK member of a group UK REIT, this section has effect as if any reference to property rental business of the member were to its UK property rental business.
- (5) In relation to a disposal of a right or interest in B—
 - (a) B is “UK property rich” for the purposes of this section if the disposal would be regarded for the purposes of Schedule 1A to TCGA 1992 as a disposal of an asset deriving at least 75% of its value from UK land, and
 - (b) any reference in this section to “the appropriate proportion” is to the proportion that, at the beginning of the accounting period in which the disposal

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Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 535A. (See end of Document for details)

is made, the value of B's relevant PRB assets bears to the total value of B's assets.

- (6) For the purposes of subsection (5)(b)—
- (a) “the value of B's relevant PRB assets” means the value of B's assets deriving (directly or indirectly) from assets used for the purposes of UK property rental business,
 - (b) B's assets are to be valued in accordance with section 533(1)(d), and
 - (c) if the asset disposed of was acquired after the beginning of the accounting period, it is to be assumed that an accounting period began on the day on which the disposal is made.
- (7) Any reference in this section to the disposal of a right or interest in B includes the disposal of a right or interest in an offshore collective investment vehicle (a “relevant fund”)—
- (a) to which paragraph 8 of Schedule 5AAA to TCGA 1992 applies, but
 - (b) in relation to which an election under that paragraph has not been made.
- (8) In the case of a disposal which is, as a result of subsection (7), a disposal of a right or interest in B, the value of B's relevant PRB assets for the purposes of subsection (5)(b) is taken to be—
- (a) the value of B's assets that are used for the purposes of UK property rental business, plus
 - (b) the value of B's assets deriving indirectly from assets held by a relevant fund that are used for the purposes of UK property rental business.
- (9) This section is to be read as if it were contained in TCGA 1992.
- (10) Apart from subsection (7) of section 535, nothing else in that section applies in relation to a disposal to which this section applies.
- (11) This section does not apply to a gain—
- (a) if sub-paragraph (3) of paragraph 3A of Schedule 7AC to TCGA 1992 applies in relation to the gain (no chargeable gain accruing on disposals of certain shares by qualifying institutional investors), or
 - (b) so far as sub-paragraph (4) of that paragraph applies to reduce the amount of the gain.]

Textual Amendments

- F1** Ss. 535A, 535B inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 115](#)

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