



Corporation Tax Act 2010

2010 CHAPTER 4

PART 12

REAL ESTATE INVESTMENT TRUSTS

CHAPTER 5

ASSETS ETC

Funds awaiting reinvestment

547 Funds awaiting reinvestment

- (1) This section applies if a—
 - (a) company UK REIT or a member of a group UK REIT disposes of an asset used wholly and exclusively for the purposes of property rental business, and
 - (b) the company UK REIT or any member of the group UK REIT holds the proceeds in cash.
- (2) Profits or losses arising from a loan relationship entered into in connection with the proceeds—
 - (a) are to be ignored for the purposes of section 599 (calculation of profits), and
 - (b) are to be treated for all tax purposes as arising from a loan relationship entered into in connection with residual business.
- (3) For the purposes of section 531 (conditions as to balance of business)—
 - (a) during the period of 24 months beginning with the date of the disposal, the proceeds are to be treated for the purposes of condition B in that section as assets involved in property rental business, but
 - (b) any income derived from the proceeds is to be treated as profits of residual business.
- (4) For the purposes of this section proceeds are held in cash if—

Status: This is the original version (as it was originally enacted).

- (a) held on deposit (whether or not in sterling),
 - (b) invested in stocks or bonds of any of the descriptions included in Part 1 of Schedule 11 to FA 1942 (gilts), or
 - (c) held or invested in such other form as the Commissioners for Her Majesty's Revenue and Customs may specify for the purposes of this section in regulations.
- (5) In the case of the disposal of an asset which, for one or more periods of (in total) at least a year, has been used—
- (a) partly for the purposes of property rental business of the company, and
 - (b) partly for the purposes of residual business of the company,
- this section applies to such part of the proceeds as may reasonably be attributed to the property rental business (having regard to the extent to which, and the length of the periods during which, the asset was used for the different purposes).