

Status: Point in time view as at 01/04/2009.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Entering Real Estate Investment Trust Regime. (See end of Document for details)

SCHEDULES

SCHEDULE 17

GROUP REAL ESTATE INVESTMENT TRUSTS: MODIFICATIONS

Entering Real Estate Investment Trust Regime

- 8 (1) A notice under section 109 must be given by the principal company.
- (2) For the purposes of the requirement under section 109(2)(c) a reference to the company shall be treated as a reference to the principal company.
- 9 (1) In section 111(1) a reference to C (pre-entry) shall be treated as a reference to a UK resident member of G (pre-entry).
- (2) Section 111(2) shall have effect in relation to each UK resident company which is a member of the group; and for that purpose—
- (a) a reference to C (pre-entry) (in subsection (2) or (4)) shall be treated as a reference to the company as a member of G (pre-entry), and
- (b) a reference to C (tax-exempt) (in subsection (2) or (4)) shall be treated as a reference to the company as a member of G (property rental business).
- (3) In section 111(5) the reference to the company shall be treated as a reference to each UK resident member.
- (4) Where a percentage of the assets of a member of G (property rental business) is excluded from a financial statement in accordance with paragraph 31(5), the excluded percentage shall be disregarded for the purposes of section 111.
- 10 (1) If a UK resident company becomes a member of a group to which Part 4 applies, section 111 shall apply to the company as if—
- (a) references to entry were references to becoming a member of the group,
- (b) references to C (pre-entry) were references to the company before becoming a member of the group, and
- (c) references to C (tax-exempt) were references to the company as a member of G (property rental business).
- (2) Where a percentage of the assets of the company would be excluded from a financial statement in accordance with paragraph 31(5), the percentage which would be excluded shall be disregarded in applying section 111 to the company.
- 11 (1) In the application of section 112—
- (a) a reference to a company to which Part 4 applies shall be treated as a reference to each member of a group to which Part 4 applies,
- (b) a reference to C (residual) shall be treated as a reference to the company as a member of G (residual),
- (c) in subsection (3) the reference to assets treated as sold and re-acquired under section 111(2) shall be construed in accordance with paragraph 9(4) or 10(2), and

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- (d) the section shall apply to non-UK resident members—
- (i) as if section 111 applied to UK property rental business (within the meaning given by paragraph 32(1)) carried on by them,
 - (ii) as if a reference to [^{F1}the charge to corporation tax on income] were a reference to a charge to income tax, and
 - (iii) as if a reference to the rate at which the company pays tax on income were, where relevant, a reference to the rate at which the company would pay tax on the notional income if it were the highest part of the company's income.

- (2) Where a company joins a group to which Part 4 applies, section 112 shall apply to the company as if joining the group amounted to becoming a company to which Part 4 applies (but with a reference to C (residual) being treated as a reference to the company as a member of G (residual)).

Textual Amendments

F1 Words in Sch. 17 para. 11(1)(d)(ii) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 698\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))

- 12 (1) Section 113(1) to (4) shall apply in relation to G (property rental business), G (pre-entry), G (residual) and G (post-cessation) as they apply in relation to C (tax-exempt), C (pre-entry), C (residual) and C (post-cessation).
- (2) Section 113(1) to (6) shall also apply in relation to each UK resident company which is a member of the group; for which purpose—
- (a) a reference to C (tax-exempt) is a reference to the company if or in so far as it is a member of G (property rental business),
 - (b) a reference to C (pre-entry) is a reference to the company as a member of G (pre-entry) (or, in the case of a company which joins a group to which Part 4 applies, a reference to the company before joining),
 - (c) a reference to C (residual) is a reference to the company if or in so far as it is a member of G (residual), and
 - (d) a reference to C (post-cessation) is a reference to the company as a member of G (post-cessation) (or, in the case of a company which leaves a group to which Part 4 applies, a reference to the company after leaving).
- (3) Where a percentage of the profits of a member of G (property rental business) is excluded from a financial statement in accordance with paragraph 31(5), the excluded percentage shall be treated for the purposes of section 113 as profits of G (residual).
- 13 Regulations under section 114 may make provision in relation to a group to which Part 4 applies as if references to the company were references to the principal company.
- 14 Section 115 shall apply as if for subsection (2) there were substituted—
- “(2) That sum is—

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Profits

FinancingCosts(external)

where—

- a Profits means the aggregate of the UK profits of G (property rental business) arising in the accounting period as set out in the financial statement under paragraph 31(2)(b) (before the offset of capital allowances [^{F2}, of losses from a previous accounting period and of amounts taken into account under section 120(3)]),
- b ^{F3}
- c Financing Costs (external) means the amount of the financing costs incurred in respect of the UK business of G (property rental business), excluding financing costs owed by one member of G (property rental business) to another, as set out in the financial statement under paragraph 31(2)(a).”

Textual Amendments

- F2** Words in Sch. 17 para. 14 substituted (with effect as mentioned in s. 52(2) of the amending Act) by Finance Act 2007 (c. 11), s. 52, **Sch. 17 para. 16(5)(b)**
- F3** Words in Sch. 17 para. 14 repealed (with effect in accordance with s. 52 of the amending Act) by Finance Act 2007 (c. 11), ss. 52, 114, **Sch. 17 para. 16(5)(c)**, {Sch. 27 Pt. 2(17) Note}

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