

CORPORATION TAX ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Part 12: Real Estate Investment Trusts

Chapter 10: Joint ventures

Section 596: Member of joint venture group liable for additional charge

1873. This section provides that a member of a joint venture group is chargeable to an additional amount of entry charge in certain circumstances. It is based on sections 138(1) and (2) of FA 2006.
1874. This section enacts parts of [SI 2007/3425](#). See *Change 43* in Annex 1.
1875. *Subsections (1) to (3)* provide that a member of a joint venture group is chargeable to tax under section 538 in respect of “the reduced notional amount” if a venturing company increases its holding in a member of a joint venture group with the result that it becomes a principal company of a group.
1876. *Subsections (4) and (5)* provide that a member of a joint venture group is chargeable to tax under section 538 in respect of the “reduced notional amount” if a venturing group increases its holding in a member of a joint venture group to at least 75% with the result that the member of the joint venture group becomes a member of the venturing group.
1877. Regulation 14(6) of [SI 2006/2866](#) refers to the case where “a venturing group ... increases its shareholding ... to 75% or more” in a joint venture company. These words include the possibility that the 75% comprises smaller shareholdings by members of the venturing group.
1878. Regulation 24(1) of [SI 2007/3425](#) refers to the case where “a member of a venturing group ... increases its shareholding ... to 75% or more” in a member of a joint venture group. These words seem to require that the 75% holding must be by a single member of the venturing group.
1879. The result in each case is that the joint venture company (or member of the joint venture group) becomes a member of a group UK REIT. Chapter 3 of Part 24 of this Act provides that indirect shareholdings are to be taken into account in determining whether a company is a member of a group. So the [SI 2006/2866](#) approach is more logical than that of [2007/3425](#) and is the one adopted by the section in both cases.
1880. *Subsections (6)* defines “reduced notional amount”.