

*These notes refer to the Corporation Tax Act 2010
(c.4) which received Royal Assent on 3 March 2010*

CORPORATION TAX ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Part 12: Real Estate Investment Trusts

Chapter 1: Introduction

Section 518: Introduction to Part

1593. This section is an overview of the Part. It is based on section 103 of FA 2006.
1594. *Subsection (1)* sets out the “bargain” which is entered into by a group of companies on becoming a UK REIT. If the group meets certain conditions it benefits from an exemption from corporation tax (and, through the operation of section 520(3), an exemption from income tax for non-UK companies) for profits and gains of property rental business. This benefit comes with the following liabilities:
- an entry charge (section 538),
 - a requirement that the principal company of a group deducts sums representing income tax in respect of distributions made to shareholders (section 973 of ITA and [SI 2009/2036](#)), and
 - the treatment of such distributions as profits of a UK property business rather than dividend income in the hands of shareholders (section 548).
1595. *Subsection (2)* makes similar provision for companies which enter the UK REIT regime other than as part of a group.
1596. *Subsection (3)* contains signposts to the remaining Chapters of the Part.
1597. *Subsection (4)* defines “UK REIT”.