



Finance Act 2006

2006 CHAPTER 25

PART 4

REAL ESTATE INVESTMENT TRUSTS

Miscellaneous

[^{F1}136A Connected persons

- (1) If they consider it expedient in the public interest the Treasury may make regulations about the application of this Part to activities or situations which involve, or arise in connection with, a relationship between a REIT company and another person.
- (2) In subsection (1) “REIT company” means—
 - (a) a company to which this Part applies, and
 - (b) a member of a group to which this Part applies (a “REIT group”).
- (3) The regulations may, in particular—
 - (a) treat a specified person, or a person in specified circumstances, as forming part of a REIT group for specified purposes;
 - (b) provide for a specified provision which applies in respect of members of a REIT group also to apply, with or without modifications, in respect of a specified person or a person in specified circumstances.
- (4) No regulations may be made under this section unless a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, the House of Commons.]

Textual Amendments

F1 S. 136A inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 34 para. 8\(1\)](#) (with [Sch. 34 para. 8\(2\)](#))

Status: Point in time view as at 21/07/2009.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Miscellaneous. (See end of Document for details)

137 Insurance companies

In section 212(1) of TCGA 1992 (annual deemed disposal of holdings of certain assets) after paragraph (b) insert—

“, or

- (c) shares in a company to which Part 4 of the Finance Act 2006 applies (Real Estate Investment Trusts),”.

138 Joint ventures

(1) The Treasury may by regulations provide for this Part to apply in relation to property rental business (“the joint venture”) carried on—

- (a) jointly by a company to which this Part applies and another person, or
(b) by a person in which a company to which this Part applies has an interest.

(2) The regulations may, in particular, modify or disapply a provision of this Part in its application—

- (a) by virtue of this section, or
(b) in relation to a company to which this Part applies where the company also carries on business in relation to which this Part applies by virtue of this section.

(3) The regulations may, in particular, make application of this Part conditional on—

- (a) a company to which this Part applies having a minimum percentage interest of a specified kind in the joint venture;
(b) an election by a company to which this Part applies.

[^{F2}(4) Regulations may make provision having retrospective effect in respect of the calendar year in which they are made.]

Textual Amendments

F2 S. 138(4) inserted (with effect as mentioned in s. 52(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 52, [Sch. 17 para. 14](#)

139 Manufactured dividends

(1) This section applies to a manufactured dividend [^{F3}for the purposes of the Corporation Tax Acts] if and to the extent that it is representative of a dividend paid by a company to which this Part applies in respect of profits of C (tax-exempt).

[^{F4}(1A) Paragraph 2 of Schedule 23A to ICTA has effect with the modifications set out in subsections (2) and (2A).]

(2) [^{F5}For sub-paragraph (2) there is substituted—]

“(2) Sub-paragraphs [^{F6}(2A) and (2B)] apply if and to the extent that a manufactured dividend is representative of a dividend in respect of profits of the tax-exempt business of a company to which Part 4 of the Finance Act 2006 applies.

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(2A) The [F7Corporation] Tax Acts shall have effect in relation to the recipient, and persons claiming title through or under him, as if the manufactured dividend were a dividend to which section 121 of that Act applied.

(2B) In relation to the dividend manufacturer—

- (a) if the dividend manufacturer is a company and the manufactured dividend is paid in the course of a trade carried on in the United Kingdom, it shall be treated as an expense of the trade;
- (b) if the manufactured dividend is paid in connection with investment business, it shall be treated for the purposes of [F8Chapter 2 of Part 16 of CTA 2009] as expenses of management;
- (c) in the case of a company carrying on life assurance business, in so far as the manufactured dividend is referable to basic life assurance and general annuity business (or is or would be, if received by the company, be treated as referable to business of that kind by virtue of section 432A) it shall be treated for the purposes of section 76 as if it were an expense payable falling to be brought into account at Step 3 of section 76(7);
- (d) F9

(2C) F10

(2D) F10

(2E) F10

[F11(2A) Sub-paragraphs (6) to (8) are omitted.]

(3) F12

(4) F12

(5) F13

F14(6)

(7) In this section “dividend manufacturer” and “manufactured dividend” have the meaning given by Schedule 23A to ICTA.

Textual Amendments

F3 Words in s. 139(1) inserted (6.4.2007 with effect as mentioned in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), s. 1027, **Sch. 1 para. 621(2)** (with transitional provisions and savings in Sch. 2)

F4 S. 139(1A) inserted (retrospective to 6.4.2007 and with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2009 \(S.I. 2009/2859\)](#), arts. 1(1), **3(2)**

F5 Words in s. 139(2) substituted (retrospective to 6.4.2007 and with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2009 \(S.I. 2009/2859\)](#), arts. 1(1), **3(3)**

F6 Words in s. 139(2) substituted (6.4.2007 with effect as mentioned in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), s. 1027, **Sch. 1 para. 621(3)(a)** (with transitional provisions and savings in Sch. 2)

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- F7** Word in s. 139(2) inserted (6.4.2007 with effect as mentioned in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), s. 1027, **Sch. 1 para. 621(3)(b)** (with transitional provisions and savings in Sch. 2)
- F8** Words in s. 139(2) 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. 691** (with Sch. 2 Pts. 1, 2)
- F9** Words in s. 139(2) repealed (6.4.2007 with effect as mentioned in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, **Sch. 1 para. 621(3)(c)**, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)
- F10** Words in s. 139(2) repealed (6.4.2007 with effect as mentioned in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, **Sch. 1 para. 621(3)(d)**, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)
- F11** S. 139(2A) inserted (retrospective to 6.4.2007 and with effect in accordance with art. 1(2) of the amending S.I.) by [The Income Tax Act 2007 \(Amendment\) \(No. 2\) Order 2009 \(S.I. 2009/2859\)](#), arts. 1(1), 3(4)
- F12** S. 139(3)(4) repealed (6.4.2007 with effect as mentioned in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, **Sch. 1 para. 621(4)**, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)
- F13** S. 139(5) repealed (with effect in accordance with s. 47 of the amending Act and art. 3 of the affecting S.I.) by [Finance Act 2007 \(c. 11\)](#), ss. 47, 114, **Sch. 14 para. 20**, {Sch. 27 Pt. 2(14) Note}; S.I. 2007/2483, **art. 3**
- F14** S. 139(6) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 17 para. 35(2)(b)**

140 Penalties for failure to give notice, etc

At the end of the second column of the Table in section 98(5) of TMA 1970 (penalties) add—

“Section 106 of FA 2006 as modified by Schedule 17 to that Act.

Section 116 of FA 2006.

Regulations under section 116 of FA 2006.

Regulations under section 122 of FA 2006.

Section 130 of FA 2006.”

141 Effect of deemed disposal and re-acquisition

A deemed disposal and re-acquisition of an asset under this Part shall have effect for the purposes of any subsequent disposal of the asset (whether actual or deemed).

142 Interpretation

In this Part—

- (a) a reference to an asset includes a reference to—
- (i) part of an asset, and
 - (ii) an interest in, or right in relation to, an asset,
- (b) a reference to assets used in business of a company includes a reference to assets—
- (i) which were acquired for the purpose of that business and which are not being used in another business,

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- (ii) which are available for use in that business, or
- (iii) which are in any other way held in respect of, or associated or connected with, that business,
- (c) “company” has the meaning given by section 170(9) of TCGA 1992,
- (d) “international accounting standards” has the meaning given by section 50(2) of FA 2004,
- (e) “market value” has the same meaning as in TCGA 1992 (see sections 272 and 273 and Schedule 11), and
- (f) “profits” means income (except where the context otherwise requires).

143 Housing investment trusts: repeal

Section 160 of, and Schedule 30 to, FA 1996 (housing investment trusts) shall cease to have effect (and accordingly—

- (a) sections 508A and 508B of ICTA shall cease to have effect,
- (b) the amendments of section 842(1)(a) and (e) of ICTA effected by paragraph 2(2) of Schedule 30 shall cease to have effect, and
- (c) section 842(1AA) of ICTA shall cease to have effect).

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