



Finance Act 2006

2006 CHAPTER 25

PART 4

REAL ESTATE INVESTMENT TRUSTS

Profits

121 Distributions: liability to tax

- (1) A distribution received by a shareholder of a company to which this Part applies in respect of profits of C (tax-exempt) shall be treated—
 - (a) in the case of a shareholder within the charge to corporation tax, as profits of a Schedule A business, and
 - (b) in the case of a shareholder within the charge to income tax, as the profits of a UK property business (within the meaning of section 264 of ITTOIA 2005).
- (2) A distribution received by a shareholder who is not resident in the United Kingdom—
 - (a) if the shareholder is a company within the charge to corporation tax, shall be chargeable to tax as profits of a Schedule A business,
 - (b) if the shareholder is a person other than a company within the charge to corporation tax, shall be chargeable to tax as profits of a UK property business (within the meaning of section 264 of ITTOIA 2005), and
 - (c) in either case, shall not be chargeable to tax by virtue of section 42A of ICTA (non-resident landlords).
- (3) Subsection (1) shall not apply in relation to a shareholder if and in so far as he—
 - (a) is a dealer in respect of distributions (within the meaning of section 95 of ICTA),
 - (b) is a dealer in securities who is charged to tax under Part 2 of ITTOIA 2005 (trading income) in respect of distributions made by companies,
 - (c) is an individual member of Lloyd's (within the meaning given by section 184(1) of FA 1993) and the distribution is made in respect of assets forming part of—

Status: Point in time view as at 19/07/2006. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Section 121. (See end of Document for details)

- (i) a premium trust fund of his (within the meaning given by section 174 of FA 1993), or
 - (ii) an ancillary trust fund of his (within the meaning given by section 176 of FA 1993), or
- (d) is a corporate member of Lloyd's (within the meaning given by section 230(1) of FA 1994) and the distribution is made in respect of assets forming part of—
 - (i) a premiums trust fund belonging to it (within the meaning given by section 222 of FA 1994), or
 - (ii) an ancillary trust fund belonging to it (within the meaning given by section 223 of FA 1994).
- (4) Section 114(1)(a) of ICTA (partnerships with companies as members) does not disapply subsection (1) above.
- (5) Sections 231 of ICTA and 397 of ITTOIA 2005 (tax credits in respect of qualifying distributions) shall not apply to distributions made by a company to which this Part applies in respect of profits of C (tax-exempt).
- (6) Distributions from companies to which this Part applies and distributions from principal companies of groups to which this Part applies shall be treated, for the purposes of subsection (1), as the profits of a single business (irrespective of whether the shareholder receives different distributions in different capacities) which is separate from—
 - (a) any other Schedule A business carried on by the shareholder,
 - (b) any other UK property business (within the meaning of section 264 of ITTOIA 2005) carried on by the shareholder,
 - (c) any overseas property business (within the meaning of section 70A(4) of ICTA) carried on by the shareholder, and
 - (d) any overseas property business (within the meaning of section 265 of ITTOIA 2005) carried on by the shareholder.
- (7) In the case of a shareholder which is a partnership, subsection (6) applies to receipts by a partner of a share of any distribution as it applies to receipts by a shareholder.
- (8) In subsection (1)—
 - (a) the reference to a company to which this Part applies includes a reference to C (post-cessation), and
 - (b) “profits” includes gains.

Status:

Point in time view as at 19/07/2006. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Section 121.