



Finance Act 2006

2006 CHAPTER 25

PART 4

REAL ESTATE INVESTMENT TRUSTS

Leaving Real Estate Investment Trust Regime

VALID FROM 19/07/2006

131 Effects of cessation

- (1) The business of C (tax-exempt) shall be treated for the purposes of corporation tax as ceasing immediately before cessation.
- (2) Assets which immediately before cessation are involved in the business of C (tax-exempt) shall be treated for the purposes of corporation tax as being sold by C (tax-exempt) immediately before cessation and re-acquired immediately after cessation by C (post-cessation).
- (3) The sale and re-acquisition deemed under subsection (2) shall be treated as being for a consideration equal to the market value of the asset.
- (4) For the purposes of CAA 2001—
 - (a) the sale and re-acquisition deemed under subsection (2)—
 - (i) shall not give rise to allowances or charges, and
 - (ii) shall not make it possible to make an election under section 198 or 199 of that Act (apportionment),
 - (b) subsection (3) above shall not apply, and
 - (c) anything done by or to C (tax-exempt) before cessation in relation to an asset which is deemed to be sold and re-acquired shall be treated after cessation as having been done by or to C (post-cessation).

Status: Point in time view as at 06/04/2006. This version of this provision is not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Section 131. (See end of Document for details)

- (5) For the purposes of corporation tax, on cessation an accounting period of C (residual) shall end and an accounting period of C (post-cessation) shall begin.
- (6) For the purposes of subsection (2) an asset is involved in the business of C (tax-exempt) if it is property involved in the business within the meaning given by section 107(6)(a).

Modifications etc. (not altering text)

- C1** S. 131 applied (with modifications) (1.1.2007) by [The Real Estate Investment Trusts \(Joint Ventures\) Regulations 2006 \(S.I. 2006/2866\)](#), **reg. 7(2)**
S. 131 applied (1.1.2007) by [The Real Estate Investment Trusts \(Joint Ventures\) Regulations 2006 \(S.I. 2006/2866\)](#), **reg. 13(3)** (subject to [reg. 14](#))
- C2** S. 131 applied (with modifications) (31.12.2007) by [The Real Estate Investment Trusts \(Joint Venture Groups\) Regulations 2007 \(S.I. 2007/3425\)](#), **reg. 13(9)**
S. 131 applied (with modifications) (31.12.2007) by [The Real Estate Investment Trusts \(Joint Venture Groups\) Regulations 2007 \(S.I. 2007/3425\)](#), **reg. 23(9)**

Status:

Point in time view as at 06/04/2006. This version of this provision is not valid for this point in time.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Section 131.