



Corporation Tax Act 2010

2010 CHAPTER 4

PART 12

REAL ESTATE INVESTMENT TRUSTS

CHAPTER 2

REQUIREMENTS FOR BEING A UK REIT

Being a UK REIT in relation to an accounting period

531 Conditions as to balance of business

- (1) Condition A is that in the accounting period profits of property rental business are at least 75% of the aggregate profits of the group or company (as the case may be).
- (2) “Aggregate profits”, in the case of a group, means the sum of—
 - (a) the profits of property rental business of members of the group (as shown in the financial statement under section 532(2)(a)), and
 - (b) the profits of residual business of members of the group (as shown in the financial statement under section 532(2)(c)).
- (3) “Aggregate profits”, in the case of a company, means the sum of—
 - (a) profits of property rental business of the company, and
 - (b) profits of residual business of the company.
- (4) In the case of a company, references in subsections (1) and (3) to profits are to profits before deduction of tax, calculated in accordance with international accounting standards, and excluding—
 - (a) realised and unrealised gains and losses on the disposal of property,
 - (b) changes in the fair value of hedging derivative contracts (within the meaning given by section 599(4)), and

Status: Point in time view as at 16/12/2010. This version of this provision has been superseded.

Changes to legislation: Corporation Tax Act 2010, Section 531 is up to date with all changes known to be in force on or before 14 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (c) items which are outside the ordinary course of the group's or, as the case may be, the company's business (irrespective of their treatment in the group's or company's accounts), having regard to that group's or company's past transactions.
- (5) Condition B is that at the beginning of the accounting period the value of the assets relating to property rental business is at least 75% of the total value of assets held by the group or company (as the case may be).
- (6) For the purposes of condition B as it applies in the case of a group—
- (a) the amount shown in the financial statement under section 532(2)(a) as the amount of the assets of members of the group is to be treated as the amount of the assets relating to property rental business, and
 - (b) the amount shown in the financial statement under section 532(2)(c) as the amount of the assets of members of the group is to be treated as the amount of the assets relating to residual business.
- (7) For the purposes of condition B as it applies in the case of a company—
- (a) an asset relates to property rental business if it would be shown as an asset if separate accounts were prepared for the property rental business,
 - (b) assets must be valued in accordance with international accounting standards,
 - (c) where international accounting standards offer a choice of valuation between cost basis and fair value, fair value must be used, and
 - (d) no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

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