

EXPLANATORY MEMORANDUM TO
THE REAL ESTATE INVESTMENT TRUSTS (FINANCIAL STATEMENTS OF
GROUP REAL ESTATE INVESTMENT TRUSTS) (AMENDMENT) REGULATIONS
2007

2007 No. 3536

- 1.** This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

- 2. Description**

These Regulations amend the Real Estate Investment Trusts (Financial Statements of Group Real Estate Investment Trusts) Regulations 2006 (S.I 2006/2865) ("the principal Regulations"). The amendments relate to the treatment of certain exceptional items and provisions relating to joint ventures which take the form of a group of companies.

- 3. Matters of special interest to the Select Committee on Statutory Instruments**

None.

- 4. Legislative Background**

Part 4 of the Finance Act 2006 deals with Real Estate Investment Trusts; and powers contained in that Part of that Act were exercised to make the principal Regulations. The Finance Act 2007 has amended the legislation relating to Real Estate Investment Trusts, and provision has been made to enable a joint venture to take the form of a group of companies. These Regulations amend the principal Regulations to accommodate these developments.

- 5. Territorial Extent and Application**

This instrument applies to all of the United Kingdom.

- 6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

- 7. Policy background**

Real Estate Investment Trusts, a special tax regime for property investment companies, were introduced in Finance Act 2006, with effect from 1 January 2007. The aim of the regime is to move the burden of taxation from the vehicle to the investor in order to

correct a number of inefficiencies in the operation of the UK property rental market. Extensive consultation has taken place since then on both the primary and secondary legislation to ensure that the regime is and remains fit for its intended purpose.

8. Impact

This instrument falls within the scope of a Regulatory Impact Assessment that was prepared by HM Revenue and Customs in respect of Part 4 of the Finance Act 2006. It is available on the HMRC website at www.hmrc.gov.uk/ria.

9. Contact

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