

*Ref: PT*

9 March 2026

HMRC – REIT team

Via email: [REDACTED], [REDACTED]

Dear [REDACTED], [REDACTED]

### **Updating HMRC's guidance on Real Estate Investment Trusts**

HMRC's guidance on how it will apply the Real Estate Investment Trusts (REIT) legislation is set out in the Investment Funds Manual (IFM21000 onwards).

We are writing to request that HMRC update their guidance to reflect what is understood to be their settled view that investment in, and income from, on-site renewable energy sources (for example, solar or air source heating on the building roof space, or adjacent to the building, that supply power to the tenants in the building) is treated as part of the REIT's qualifying property rental business (Part 12, CTA 2010). We understand that HMRC's view is on the basis that the supply of the electricity to the tenants in the building of on-site renewable energy sources is closely connected with the property and that is enough to be a part of that generation of income from land, that is, the income from the rents.

We also understand that HMRC has provided non-statutory clearances confirming that income profits and gains derived from on-site renewables generating power for buildings that are part of a REIT's qualifying property rental business are therefore tax exempt.

We are very much in favour of the knowledge obtained through the clearance process being used to improve certainty and to reduce administrative burdens for all taxpayers through the timely updating of guidance.

Yours sincerely

Leigh Sayliss  
Chair, Property Taxes Committee

## **The Chartered Institute of Taxation**

The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

Our stated objectives for the tax system include:

- A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.
- Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
- Greater certainty, so businesses and individuals can plan ahead with confidence.
- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).
- Responsive and competent tax administration, with a minimum of bureaucracy.

The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.

The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.

Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.