



TaylorWessing

UK REIT Horizon Scanner Q4 2021

UK REIT Horizon Scanner Q4 2021

Key Issues

Key issues coming up for UK Main Market REITs in corporate, financial regulatory, planning, real estate, securities law and regulation and tax¹ in England (including retained EU law²).

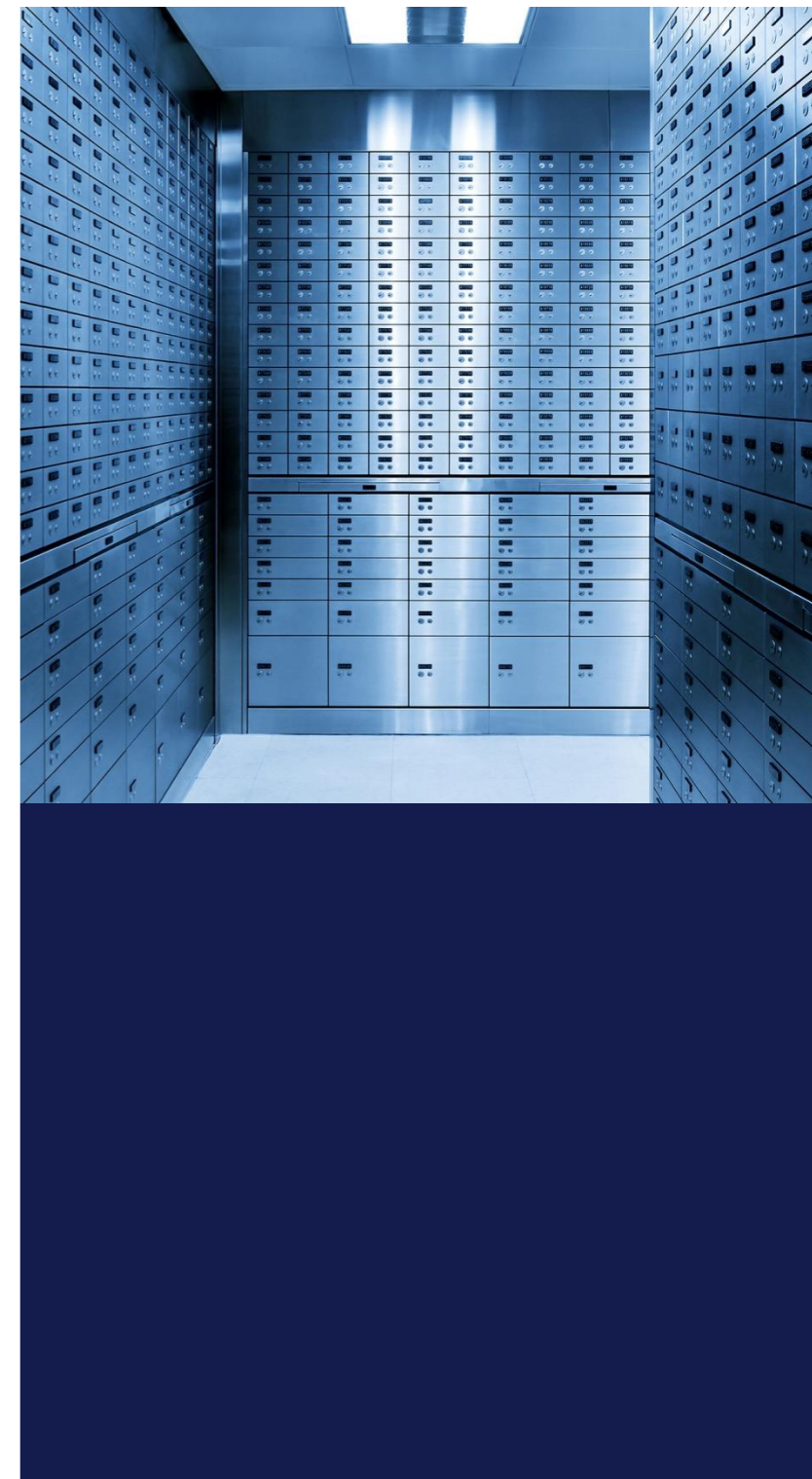
Issue/status/timing: New developments since our March 2021 edition are shown in **green text**.

Impact: urgency/impact rating for REITs admitted to London Stock Exchange Main Market (including the Specialist Fund Segment³)

- **Red** – likely to have material impact
- **Amber** – limited impact or await developments
- **Green** – minor or no direct impact

Published as at: 30 September 2021

- ¹ We have set out below the proposed tax changes that are likely to directly and materially impact REITs. We have not sought to cover changes of more general application, which may also impact REITs.
- ² 'retained EU law' is EU law incorporated into UK domestic law from the end of the Brexit transition period, as amended
- ³ Although the Listing Rules do not apply to the SFS, it is common for SFS companies voluntarily to comply with certain key Listing Rules and to state an intention to comply with the UK Corporate Governance Code.



Contents

1	Equity capital markets	4
2	General corporate	15
3	Financial regulatory	26
4	Real estate, planning and construction	32
5	Tax	43
6	Key contacts	47

 TaylorWessing | **1 | Equity capital markets**

UK REIT Horizon Scanner Q4 2021

Equity capital markets

Key developments in Q3 2021

- Companies are now able to hold physical AGMs and other meetings – no longer any legal restrictions on gatherings in England
- FCA is consulting on amendments to Listing Rules and Disclosure Guidance and Transparency Rules regarding diversity on boards and executive committees
- Changes to Listing Rules for certain SPACs came into force including removal of the presumption that the FCA will suspend the listing of a SPAC on identification of a potential acquisition target where the SPAC meets certain criteria

Issues	Status	Key Timing	Impact
COVID-19: 2021 AGMs and other meetings Affects: listed companies	Companies are now able to hold physical AGMs and other meetings as there are no longer any legal restrictions on gatherings in England.	Ongoing	Green
COVID-19: FCA and FRC joint statement on temporary reliefs Affects: listed companies	On 27 January 2021, the FCA and FRC published a joint statement reminding listed companies of continuing temporary reliefs including: <ul style="list-style-type: none"> • An additional two months to publish annual financial reports (within six rather than four months of FYE) and an additional one month to publish half yearly financial reports (within four rather than three months of FYE) – this remains in place until the disruption abates and at least for financial periods ending before April 2021. • The three month extension for filing accounts with Companies House expired on 5 April, however an application process now applies. See also 'General Corporate' below. • A reminder of MAR disclosure obligations and continuing assessment of what constitutes inside information in light of the pandemic. 	During the pandemic	Amber
ESG: FRC plans to support the market in ESG reporting challenges Affects: listed companies	On 7 July 2021, the FRC published a statement of intent which identifies areas where there are issues with effective reporting of ESG information, and outlines the FRC's planned actions in this area. The FRC intends to develop Codes, standards, guidance and expectations, and will build a system that is forward-looking and fit for purpose.	Ongoing	Green

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>ESG: FCA consultation on board diversity and executive committees</p> <p>Affects: listed companies</p>	<p>On 28 July 2021, the FCA published a consultation on proposed amendments to the Listing Rules and the Disclosure Guidance and Transparency Rules in relation to diversity on boards and executive committees. The deadline for responses is 22 October 2021, and amendments would apply to accounting periods starting on or after 1 January 2022.</p> <p>The proposed Listing Rule diversity targets set out below are not mandatory, but rather provide a positive benchmark for issuers to report against. The proposals would apply to premium or standard listed UK and overseas companies, while the disclosure and transparency changes apply to companies with securities traded on UK regulated markets (e.g. Main Market of the London Stock Exchange).</p> <p>Proposals include:</p> <ul style="list-style-type: none"> changes to the LRs to require listed companies to publish annually: <ul style="list-style-type: none"> a 'comply or explain' statement setting out whether they have met the following targets as at a chosen reference date within the accounting period: at least 40% of the board are women (including those self-identifying as women); at least one senior board member is a woman; and at least one board member is from a non-White ethnic minority background, data on the gender and ethnic diversity of their boards, senior board positions and most senior executive management. The FCA also seeks views on whether the data requirements should extend to sexual orientation, and whether reporting should extend to one level below executive-level, inserting guidance into the LRs that companies may also wish to include in their annual financial reports: a brief summary of key policies, procedures and processes, and any wider context that they consider contributes to improving the diversity of its board and executive management; any mitigating factors/circumstances which make achieving diversity more challenging; any foreseen risks to meeting the targets in the next accounting period; and any plans to improve board diversity, amending the DTRs to require companies to ensure any existing disclosure on diversity policies addresses key board committees; and also wider aspects of diversity such as ethnicity, sexual orientation, disability and socio-economic background, and adding guidance to the DTRs that companies may include numerical data on the diversity of the board and committees in their description of the results in the reporting period. 	<p>Accounting periods starting on or after 1 January 2022</p>	<p>Red</p>
<p>ESG: FRC report on board diversity and effectiveness in FTSE 350 companies</p> <p>Affects: listed companies (specifically FTSE 350 companies)</p>	<p>The FRC has published a joint report with the London Business School, Leadership Institute and SQW on board diversity and effectiveness in FTSE 350 companies. The main findings included in the report are that:</p> <ul style="list-style-type: none"> responsibility falls to the Chair of a board to drive inclusion, regulators and companies must focus on collecting more data on the types of diversity, board dynamics and social inclusion, and the Nomination Committee itself should be diverse and have a clear mandate to work with search firms that access talent from wide and diverse pools. 	<p>Ongoing</p>	<p>Amber</p>

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>ESG: new mandatory climate-change reporting</p> <p>Affects: premium listed companies</p>	<p>On 21 December 2020, the FCA announced new Listing Rules requirements for premium listed companies to report against the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures' (TCFD) recommendations. Changes were implemented by FCA Instrument 2020/75 and take effect for accounting periods beginning on or after 1 January 2021. The changes include:</p> <ul style="list-style-type: none"> • A statement in the annual financial reports of premium listed commercial companies on whether disclosures are consistent with the TCFD recommendations; if not or if the disclosures are in a different document, why not or where the disclosures can be found. • An overriding principle to consider whether disclosures give sufficient detail to enable readers to assess the company's exposure and approach to climate related issues. • An expectation of disclosure except where the company faces 'transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities'. <p>This is particularly relevant to asset managers as supplementary TCFD guidance sets certain expectations regarding disclosures to clients. See 'General Corporate' below for proposals for mandatory TCFD reporting affecting a wider range of organisations.</p> <p>At the same time a new Technical Note on ESG reporting took effect, covering disclosures under the Listing Rules, DTRs, UK MAR and the UK Prospectus Regulation. Key points are:</p> <ul style="list-style-type: none"> • It flags specific obligations to comply or explain against the Corporate Governance Code and TCFD recommendations. • Guidance on including ESG and climate related matters in prospectuses. • Guidance on what ESG and climate related information to include in annual and interim management reports. <p>The FRC Financial Reporting LAB's March 2021 newsletter states that the Lab will examine 2021 disclosures by listed companies against the TCFD recommendations.</p>	<p>Financial years beginning on or after 1 January 2021</p>	<p>Amber</p>
<p>ESG: extension of climate related disclosure rules to standard issuers</p> <p>Affects: standard listed companies</p>	<p>On 22 June 2021, the FCA published a consultation on proposals to extend the climate-related disclosure requirements, which currently only apply to premium listed issuers, to issuers of standard listed equity shares. This excludes standard listed investment entities and shell companies. The consultation closed on 10 September 2021, and the FCA aims to publish a policy statement and finalised Listing Rules in this regard by the end of 2021, with the changes taking effect for accounting periods beginning on or after 1 January 2022.</p> <p>On the same day, the FCA published a further consultation on proposals to introduce TCFD-aligned disclosure requirements for asset managers, life insurers, and FCA-regulated pension providers, with a focus on the information needs of clients and consumers which also closed on 10 September 2021. See further 'Financial Regulatory' below.</p>	<p>End of 2021, affecting accounting periods beginning on or after 1 January 2022</p>	<p>Amber</p>

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>Corporate governance consultations</p> <p>Affects: listed companies</p>	<p>On 20 January 2021, the Chartered Governance Institute published the findings of its review and report on the effectiveness of independent board evaluation in the UK listed sector (following its 2019 consultation). Recommendations include (among other things):</p> <ul style="list-style-type: none"> • a voluntary code of practice (on an 'apply or explain' basis) for providers of performance reviews to FTSE 350 companies; • a set of voluntary good practice principles for listed companies on selecting external reviewers and how reviews will be carried out; • guidance for listed companies reporting on annual board performance under requirements of the UK Corporate Governance Code; and • assessment by the FRC of board performance review practice and reporting as part of its UK Corporate Governance Code monitoring. <p>The Institute has published drafts of the Code of Practice for board reviewers, Principles of Good Practice for listed companies and Guidance on Reporting on Board Performance Reviews under the UK Corporate Governance Code. A government response is awaited.</p> <p>In 2019, the Investment Association reported on shareholder votes on dividend distributions in listed companies. It will establish a working group to develop best practice guidance on distribution policies and make recommendations to government on whether a shareholder vote on such policy and/or on yearly distributions should be mandatory. An update is awaited.</p>	Ongoing	Amber
<p>European Single Electronic Format (ESEF) reporting</p> <p>Affects: Main Market and Specialist Funds Segment</p>	<p>As a result of the UK's implementation of the European Single Electronic Format (ESEF) through DTR 4.1.14R, for financial years beginning on or after 1 January 2021 (for publication from 1 January 2022), companies on a UK regulated market (e.g. the Main Market) must:</p> <ul style="list-style-type: none"> • file their annual reports in XHTML format (instead of the PDF format required at present), and • if they prepare IFRS consolidated annual financial statements, they must include tagging for basic financial information. <p>The requirement for issuers who prepare IFRS consolidated annual financial statements to tag notes to the financial statements will apply to financial years starting on or after 1 January 2022 (for publication from 1 January 2023).</p> <p>The AIC has updated its guidance for members regarding electronic reporting. This is available to members on the AIC website. Additionally, the FRC has published the results of a survey about how companies and service providers are preparing for ESEF reporting, and has provided a list of resources to help companies understand and implement the requirements.</p> <p>The FCA also consulted in its September 2021 Quarterly Consultation Paper on amendments to the rules in DTR 4 on corporate reporting in machine-readable format to permit issuers to use a wider range of taxonomies when preparing annual financial reports for financial years starting on or after 1 January 2021 for publication from 1 January 2022.</p> <p>For more background information, see previous editions of the REIT Horizon Scanner.</p>	Financial years beginning on or after 1 January 2021 for publication from 1 January 2022	Amber

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>Interim reporting: FRC thematic review</p> <p>Affects: listed companies</p>	<p>By way of background, the FRC has been carrying out thematic reviews of corporate reporting since 2020. The recent reviews include: listed company interim reports; streamlined energy and carbon reporting; financial reporting effects of COVID-19; and viability and going concern disclosures. The reviews generally highlight where reporting could be improved, and provide guidance and best practice examples relevant disclosures as well as setting out the FRC's disclosure expectations. They are set out in the following entries in this scanner.</p> <p>On 18 May 2021, the FRC reported the findings from its thematic review of interim reporting. In general, the FRC was pleased with the quality of the interim reports reviewed (20 listed companies), but key disclosure expectations for 2021 interim reports are:</p> <ul style="list-style-type: none"> • ensuring that management commentaries detail important events that have occurred during the first six months of the financial year, and their impact on the financial statements, • providing a comprehensive update of the principal risks and uncertainties for the remaining six months of the financial year, • make sure Alternative Performance Measures are explained, reconciled to IFRS measures and not given undue prominence, • giving going concern disclosures that explain the basis of any significant judgements, including any associated material uncertainties, and the matters considered when confirming the preparation of the financial statements on a going concern basis, • detailing changes to key judgements and estimates with reasons that enable users to understand management's views about the future, and their impact on the interim financial statements, • explaining in sufficient detail events and transactions which materially impact financial position and performance, • focusing on providing material disclosures that are clear and concise. 	Ongoing	Amber
<p>Viability and going concern disclosures: FRC thematic review</p> <p>Affects: listed companies</p>	<p>On 22 September 2021, the FRC reported the findings of its thematic review of companies' viability and going concern disclosures. In particular, the review found that:</p> <ul style="list-style-type: none"> • the disclosure of inputs and assumptions used in forecast scenarios to support the viability and going concern assessments often lacked sufficient qualitative and quantitative detail, and • in some cases, there was evidence to indicate that significant judgements may have been applied in determining whether a company was a going concern or whether this was subject to material uncertainty, but these were not identified or explained. <p>The FRC expects improvements to be made in the above areas and also encourages companies to extend the period over which they assess their viability and provide longer term information where possible.</p>	Ongoing	Amber

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>Financial reporting effects of COVID-19: FRC thematic review</p> <p>Affects: listed companies</p>	<p>On 21 July 2021, the FRC published the findings from its first thematic review of company reporting since the onset of Covid-19 pandemic. The review found that generally companies had provided sufficient information to enable a user to understand the impact Covid-19 had on their performance, position and future prospects, but some (particularly interim reports) would have benefited from more extensive disclosure. In particular, the FRC highlights that companies, going forward, should:</p> <ul style="list-style-type: none"> • explain the significant judgements and estimates made in preparing their accounts and provide meaningful sensitivity analysis or details of a range of possible outcomes to support any disclosed estimation uncertainty, • describe any significant judgements made in determining whether there is a material uncertainty about their ability to continue as a going concern, • ensure that assumptions used in determining whether the company is a going concern are compatible with assumptions used in other areas of the financial statements, • apply the requirements of IAS 1 to any exceptional or similar items, with income statement sub-totals comprising only items recognised and measured in accordance with IFRS, • apply existing accounting policies for exceptional and other similar items to Covid-19 related income and expenditure consistently and should not split income and expenses between Covid-19 and non Covid-19 financial statement captions arbitrarily, and • prepare interim reports that provide sufficient information to explain the impact that Covid-19 has had on their performance, position and future prospects. 	Ongoing	Amber
<p>Streamlined energy and carbon reporting: FRC thematic review</p> <p>Affects: quoted companies, large unquoted companies and LLPs</p>	<p>On 8 September 2021, the FRC published the findings from its thematic review into reporting on emissions, energy consumption and related matters under the Streamlined Energy and Carbon Reporting rules which came into effect on 1 April 2019, and which apply in respect of financial years beginning on or after 1 April 2019.</p> <p>The review found that reports made largely satisfactory disclosure requirements for emissions and energy consumption, but more needs to be done to make these disclosures understandable and relevant for users. They also need to consider how these disclosures integrate with other narrative reporting on climate change.</p>	Ongoing	Amber

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>Consultation on reforms to UK prospectus and listing regimes</p> <p>Affects: listed companies</p>	<p>On 1 July 2021, the government published a consultation on proposed reforms to the prospectus regime which closed on 24 September 2021. Key proposals include:</p> <ul style="list-style-type: none"> • Separating out the regulation of public offers of securities and the regulation of admissions to a regulated market. • New rule-making powers for the FCA, including granting it discretion to incorporate a replacement prospectus regime into the FCA Handbook and to tailor the regime appropriately when required. This would include granting the FCA discretion to determine whether a prospectus is required when securities are admitted to trading on UK Regulated Markets. • Adding a new exemption from the public offer rules for existing holders of securities which would have the effect of taking all rights issues, by all types of companies, outside of the restrictions imposed by the public offering rules. • Retaining the 150 person threshold for public offers of securities and the 'qualified investors' exemption. <p>On 5 July 2021, the FCA published a consultation and related discussion paper on proposed reforms to listing regime. The consultation closed on 14 September 2021, and the FCA aims to make the relevant rules before the end of 2021. Key proposals include:</p> <ul style="list-style-type: none"> • A targeted form of dual class share structures (shares of different classes carrying different rights, e.g. zero or weighted voting rights), within the premium listing segment. • A reduced 10% (from 25%) public free float requirement. • An increase in the minimum market capitalisation (MMC) threshold for both the premium and standard listing segments for shares in ordinary commercial companies from £700,000 to £50 million. Raising the MMC will give investors greater trust and clarity about the types of company with shares admitted to different markets. 	Ongoing/Late 2021	Red

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>Listing rule amendments re SPACs</p> <p>Affects: SPACs</p>	<p>On 10 August 2021, changes to the FCA's Listing Rules for certain special purpose acquisition companies (SPACs) came into force. The changes include removing the presumption that the FCA will suspend the listing of a SPAC on identification of a potential acquisition target where the SPAC meets certain criteria. These criteria include the following, and if a SPAC issuer is unable, or chooses not, to meet them, it will continue to be subject to the presumption of suspension:</p> <ul style="list-style-type: none"> • a 'redemption' option allowing investors to exit a SPAC prior to any acquisition being completed, • ensuring money raised from public shareholders is ring-fenced, • requiring shareholder approval for any proposed acquisition, and • a time limit on a SPAC's operating period if no acquisition is completed. <p>Following the outcome of the related consultation, the FCA made the changes to its original proposals outlined below:</p> <ul style="list-style-type: none"> • to lower the minimum amount a SPAC would need to raise at initial listing from £200 million to £100 million, • to introduce, in limited circumstances, an option to extend the proposed 2-year time-limited operating period (or 3-year period if shareholders have approved a 12-month extension) by 6 months, without the need to get shareholder approval and • to modify its supervisory approach to provide more comfort prior to admission to listing that an issuer is within the guidance which disapplies the presumption of suspension. 	Ongoing	Red
<p>Consultation on new class of trading venue for smaller SMEs</p> <p>Affects: SMEs</p>	<p>On 1 July 2021, HM Treasury published a consultation on the UK's regime for wholesale capital markets. The deadline for responses was 24 September 2021.</p> <p>Regarding SME markets, the government wants to explore a new class of trading venue with a reduced regulatory framework tailored for smaller SMEs. It envisages this would require amendments to the Market Abuse Regulation, a new offer document regime, and the creation of eligibility criteria for a smaller subset of SMEs within the current MiFID II definition.</p>	Ongoing	Green

Equity capital markets (continued)

Issues	Status	Key Timing	Impact
<p>FCA to adapt ESMA guidelines on disclosure requirements under the Prospectus Regulation into Technical Note</p> <p>Affects: listed property companies</p>	<p>The FCA published Primary Market Bulletin 34 (PMB 34) in June 2021 in which it proposed to adopt (with modifications) the European Securities and Markets Authority's guidance on disclosure requirements under the EU Prospectus Regulation (ESMA Guidelines) and to include the specialist issuer measures set out in the recommendations published by the Committee of European Securities Regulators (CESR Recommendations) – see background in Q3 2021 REIT Horizon Scanner. 'Specialist issuer' includes property companies. The FCA will adapt the ESMA Guidelines and the measures on specialist issuers from the CESR Recommendations as FCA guidance by way of a proposed new Technical Note: Primary Market/TN/619.1. Comments on this (and other changes to the FCA's Knowledge Base) were requested by 4 August 2021.</p> <p>The FCA also consulted in its September 2021 Quarterly Consultation Paper on various consequential amendments to the Prospectus Regulation Rules and the Listing Rules to align with changes to the prospectus regime guidance arising from PMB 34, and on removing the CESR Recommendations and Prospectus Directive Q&As from the FCA Handbook.</p> <p>The modified ESMA Guidelines broadly follow the EU version, but the FCA proposes to make the following notable amendments:</p> <ul style="list-style-type: none"> The FCA will not adopt ESMA's position that pro forma information should be provided when an issuer's size has changed by at least 25%, regardless of whether this change took place in one or several transactions, due to its concerns that the aggregation approach imposes a disproportionate burden on issuers with limited additional benefit to investors. The FCA proposes to continue with the existing approach in the ESMA Prospectus Directive Q&A. The FCA is proposing to make an addition to the ESMA guideline on rules for the calculation of working capital to reflect existing UK market practice of relying on minimum net proceeds for the calculation of working capital by new issuers that are closed-ended investment funds. 	Ongoing	Green
<p>Consultation on power to block listings on national security grounds</p> <p>Affects: potentially all companies seeking to list on UK public markets including SPACs</p>	<p>The government's initial consultation on the scope of a proposed new power to allow it to block a company's listings on national security grounds closed on 27 August 2021. While the government intends that new power will be targeted and precautionary, and therefore not affect the vast majority of companies seeking to raise capital on UK financial markets, the scope of the precautionary power will include all initial equity listings and admissions to trading on UK public markets and will extend to SPACs.</p> <p>The government intends that there will be minimal additional action required from prospective issuers and the proposed approach is based on companies making certain additional disclosures which are likely to already be made elsewhere in the listings process. The government is also considering an early disclosure option for those companies seeking assurance before they choose to list in the UK.</p> <p>This consultation precedes further technical consultation and legislation on the proposed power.</p>	Ongoing	Amber

Equity capital markets (continued)

Looking back

Issues	Status	Key Timing	Impact
FRC guidance - Corporate Governance Code Affects: premium listings	On 26 February 2021, the FRC published guidance on how companies should report against the 2018 UK Corporate Governance Code.	Ongoing	Amber
Financial Services Act 2021 Affects: listed companies	On 29 April 2021, the Financial Services Bill received Royal Assent and became the Financial Services Act 2021. It makes various amendments to UK legislation including: <ul style="list-style-type: none"> • Clarifying that both issuers and those acting on their behalf must keep insider lists (issuers would no longer be able to 'delegate' the task to professional advisers). • Amending the period within which an issuer must notify the market of a PDMR transaction to two working days from the date the issuer is notified (from three business days from the transaction date). • Increasing maximum penalties for criminal insider dealing and misleading statements (under the Criminal Justice Act 1993 and Financial Services Act 2012 respectively) to 10 years' imprisonment (from seven years). 	Ongoing	Amber
Investment Association 2021 shareholder priorities Affects: listed companies	On 18 January 2021, the IA published a paper on its 2021 shareholder priorities for listed companies. It looks at the approach IVIS will take to assess companies with year ends on or after 31 December 2020 against investor expectations for 2021. Among other things: <ul style="list-style-type: none"> • IVIS will amber top companies in a 'high-risk sector' (e.g. financials, energy, materials and buildings) that do not address all four pillars of the TCFD recommendations. • IVIS expects quality disclosures on stakeholder engagement during the pandemic, including how stakeholder views were reflected in key decision making. • IVIS will amber top FTSE 350 companies that do not disclose their board's ethnic diversity or the credible action plan they have in place. It will red top FTSE 350 companies and amber top FTSE SmallCap companies where female board representation is 30% or less or where female representation on executive committees/ those committee's direct reports is 25% or less. In February 2021, the IA also published its Good Stewardship Guide 2021 .	2021	Amber

 TaylorWessing **2 | General corporate**

General corporate

Key developments in Q3 2021

- Expired CIGA 2020 temporary restrictions on statutory demands and winding-up petitions replaced with new temporary targeted restrictions for winding up petitions in relation to small businesses and commercial tenants. New permanent rules replace the temporary company moratorium rules introduced by CIGA 2020
- FRC published feedback on proposals to replace the current corporate reporting system with a principles based framework
- HMRC has discontinued the use of physical stamping in relation to stamp duty

Issues	Status	Key Timing	Impact
<p>COVID-19: Corporate Insolvency and Governance Act - other measures</p> <p>Affects: all companies</p>	<p>On 30 September 2021, the temporary restrictions on statutory demands and winding-up petitions under CIGA 2020 expired. However, new temporary targeted restrictions for winding up petitions in relation to small businesses and commercial tenants, which are presented between 1 October 2021 and 31 March 2022, are set out in the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Amendment of Schedule 10) (No. 2) Regulations 2021 (in force 1 October 2021).</p> <p>In particular, the new Regulations increase the current debt threshold for a winding-up petition to £10,000, and also provide that:</p> <ul style="list-style-type: none"> • a creditor may not present a winding-up petition in respect of commercial rent until 31 March 2022 unless it can prove that the non-payment is not related to the financial effect of the pandemic; and that • a creditor may not present a winding-up petition unless it has delivered written notice (Schedule 10 Notice) to a debtor business seeking proposals for payment of the debt, and the debtor business has not provided a proposal that is to the creditor's satisfaction within 21 days. A creditor may apply for a court order that they do not need to deliver a Schedule 10 Notice or give the debtor 21 days to make a satisfactory proposal. <p>Further, the Insolvency (England and Wales) (No.2) (Amendment) Rules 2021 come into force on 1 October 2021. They amend the Insolvency (England and Wales) Rules 2016 to provide permanent procedural rules for the company moratorium procedure which allows companies in financial distress breathing space to explore rescue and restructuring options free from creditor action, and which were introduced into the Insolvency Act 1986 by CIGA 2020.</p>	<p>Until March 2022, and ongoing</p>	<p>Amber</p>

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>COVID-19: Corporate Insolvency and Governance Act - meetings</p> <p>Affects: all companies</p>	<p>Companies are now able to hold physical AGMs and other meetings as there are no longer any legal restrictions on gatherings in England.</p>	Ongoing	Green
<p>ESG: Gender and ethnicity pay reporting</p> <p>Affects: UK employers with 250 or more employees</p>	<p>The Government Equalities Office's 2019 roadmap for tackling gender equality included assessing the effectiveness of gender pay gap reporting and consulting on any changes by 2021.</p> <p>Employers have until 5 October 2021 to report their gender pay gap information for the 2020/2021 reporting year (extended by six months due to COVID). No enforcement action will be taken if they report by then.</p> <p>A 2018 consultation suggested introducing an ethnicity pay gap reporting regime. In its 14 July 2020 response to BEIS Committee's recommendations following the Thomas Cook inquiry, the government noted it would respond to the 2018 consultation in due course, and noted it supports initiatives for board diversity and leadership talent pipeline such as the Hampton-Alexander Review and Parker Review. A Parliamentary debate on the topic took place on 20 September 2021.</p> <p>The Equal Pay Bill (a private members' bill) is still making its way through Parliament. Among other things, it widens gender pay gap reporting to include ethnicity pay gap reporting and lowers the reporting threshold to organisations with 100 or more employees (from 250).</p>	Ongoing	Amber

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>ESG: mandatory climate-change reporting</p> <p>Affects: large companies, listed companies and asset managers</p>	<p>On 24 March 2021, the government published a consultation on its November 2020 proposals to expand mandatory reporting against the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations to a wider scope of UK listed companies (beyond premium listings), large unlisted UK companies and UK asset managers. See also 'Equity Capital Markets' above. Key aspects are:</p> <ul style="list-style-type: none"> • The requirements would apply to all UK companies (and LLPs) currently required to produce a non-financial information statement – i.e. companies with more than 500 employees and that are either listed on a UK regulated market, are a banking or insurance company, are listed on AIM or potentially other multilateral trading facilities, or otherwise have a turnover exceeding £500m. • Disclosures would be made in the non-financial information statement of the strategic report. Reporting would be at group and individual level. The consultation details the specific disclosures required. <p>The consultation closed on 5 May 2021. The government intends to make regulations by the end of 2021, with the new reporting requirement applicable for accounting periods starting on or after 6 April 2022. BEIS also plans to produce non-binding Q&A guidance.</p>	End of 2021 and 6 April 2022	Amber
<p>ESG: Modern slavery: human trafficking statement</p> <p>Affects: large companies</p>	<p>The government intends to make changes to the Modern Slavery Act 2015 in due course that will make it mandatory for organisations to publish their statements on its designated central registry. Ahead of the necessary legislative change to mandate this, the government encourages organisations to publish statements on the government-run modern slavery statement registry.</p> <p>Other measures following the Home Office's 2019 consultation on making transparency requirements and reporting processes clearer, and its September 2020 response, are awaited.</p>	Ongoing	Amber
<p>Corporate reporting: FRC Lab reports on stakeholder engagement, and risks, uncertainties and opportunities</p> <p>Affects: large companies and public companies</p>	<p>In July 2021, the FRC Lab published a report on what investors want from companies in terms of reporting on stakeholders, decisions and section 172 CA 2006. The principle information that investors want to see includes:</p> <ul style="list-style-type: none"> • who a company's key stakeholders are, why they are key stakeholders and what is important to them, as well as what the company is doing to build and maintain the relationship with those key stakeholders, and • what decisions of strategic significance were made during the year, how they were made, how stakeholders were involved and what the outcomes, or expected outcomes, were or are of those decisions. <p>Investors also want 'section 172 statements' that bridge information on stakeholders and decisions, and that reflect how the company is progressing in its pursuit of its purpose and long-term success.</p> <p>The FRC Lab has also published a report on what information investors want relating to risks, uncertainties and opportunities that contribute to their understanding of a company's business model, longer-term strategy, resilience and viability.</p>	Ongoing	Amber

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>Consultation on audit and corporate governance reform</p> <p>Affects: all companies</p>	<p>On 18 March 2021, BEIS published a consultation paper on restoring trust in audit and corporate governance which closed on 8 July 2021. Key proposals include:</p> <ul style="list-style-type: none"> • Giving the new regulator (the Audit, Reporting and Governance Authority (ARGA)) new statutory objectives and functions, competition powers, an increased corporate reporting review function, oversight of FTSE 350 audit committees, enforcement powers for corporate reporting duties of directors, and a new power to order amendments to company reports directly rather than requiring a court order. • For directors: <ul style="list-style-type: none"> • New duties relating to internal controls, risk management and reporting on anti-fraud measures. • Clawback of bonuses in the event of collapse or for serious director failings within two years of the award. • Enhanced ARGA powers to investigate and enforce breaches of duty and misconduct relating to corporate reporting and audit. • Stronger disclosure and attestation requirements for listed companies relating to dividends and capital maintenance, including: <ul style="list-style-type: none"> • ARGA will have responsibility for defining 'realised profits' and 'realised losses'. • Enhanced legal status and enforceability of the distributable profits definition in section 853 of the Companies Act 2006. • A requirement for companies to disclose total distributable reserves (or the 'known' distributable reserve, which must be greater than any proposed dividend). • A requirement on parent companies to disclose the group's potential distributable profits that could in theory be passed to it to pay future dividends to shareholders. • A requirement for a formal directors statement that any proposed dividend is within known distributable reserves and that payment of the dividend will not, in their reasonable expectation, threaten the company's solvency over the next two years. • New requirements for premium listed companies to publish (with the requirements extending to other PIEs two years later): <ol style="list-style-type: none"> 1. An annual audit and assurance policy describing the approach taken to seeking assurance of the company's reported information over the next three years and on which shareholders of quoted public listed entities would give an advisory vote. 2. An annual resilience statement on mitigation of risk, consolidating and building on existing going concern and viability statements. <p>Other proposals relating to auditors and the audit market are outside the scope of this scanner.</p>	Ongoing	Amber

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>Law Commission law reform programme for 2021</p> <p>Affects: all companies</p>	<p>The Law Commission's consultation on its 14th programme of law reform closed on 31 July 2021 and the final programme will be published in H1 2022. Specific ideas for law reform include (among other things):</p> <ul style="list-style-type: none"> • Modernising the law of deeds for commercial parties whilst still protecting vulnerable individuals, including assessing current electronic and paper execution requirements and understanding difficulties in executing deeds particularly in the context of the pandemic. • Reviewing areas of legislation most affected by Brexit and potentially reforming certain areas of retained EU law. 	2022	Green
<p>Late payment practices</p> <p>Affects: large companies</p>	<p>An update is awaited on the government's plan for a new requirement for audit committees to review and report on payment practices in annual accounts (outlined in BEIS' 2019 response to its 2018 call for evidence on tackling late payment).</p> <p>On 19 January 2021, the government announced that it intends to reform the voluntary Prompt Payment Code to encourage large companies to pay smaller suppliers in time. In particular, finance directors and CEOs must now personally sign the code so that responsibility for payment practices is taken at the highest level. From 1 July 2021, signatories to the Code have been required to pay 95% of invoices from small businesses (fewer than 50 employees) within 30 days. The target for larger businesses remains at 95% of invoices within 60 days.</p>	Ongoing	Green
<p>Register of beneficial owners of overseas entities that own UK property</p> <p>Affects: non-UK companies (and their investors)</p>	<p>Legislation for the new register of beneficial owners of overseas entities that own UK property is still in draft form: the Registration of Overseas Entities Bill. The government had originally anticipated that, following Royal Assent and secondary legislation, the register would be operational in 2021. As update is awaited. (This could affect non-UK subsidiaries in REIT groups.)</p> <p>On 8 February 2021, the House of Commons Library published a briefing on UK and international registers of beneficial ownership that includes (among other things) a summary of what it terms the new proposed 'Overseas Entity Beneficial Ownership' regime.</p>	Ongoing	Amber

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>Corporate transparency - Companies House reform</p> <p>Affects: all companies</p>	<p>On 18 September 2020, the government responded to the consultation on enhancing Companies House and increasing transparency of UK corporate entities. Proposals included:</p> <ul style="list-style-type: none"> • compulsory identity verification for all directors and PSCs, general partners in limited partnerships, designated members in LLPs, and individuals who file company information, and restrictions on who can file company information, • increased Companies House powers to query and remove/ reject certain information and company names, • reporting obligations for bodies subject to anti-money laundering regulations on discrepancies between the public register and information they hold, and cross-referencing of Companies House data against other data sets, • reviewing accounts filings, including exemptions allowing micro or dormant accounts; and reforming certificates of good standing. <p>The government intends to develop its proposals, which includes further consultation on the technical detail.</p>	Ongoing	Amber
<p>Consultations on: (a) reforms to the powers of the Registrar; (b) implementing the ban on corporate directors, and (c) improving the quality of company accounts</p> <p>Affects: all companies, in particular with corporate directors</p>	<p>Following its response to the consultation on enhancing Companies House and increasing transparency of UK corporate entities mentioned above, between 9 December 2020 and 3 February 2021 the government consulted on the three following areas:</p> <p>(a) Powers of the registrar</p> <p>Among other things, it is proposed to:</p> <ul style="list-style-type: none"> • expand Companies House's powers to be able to query any error, inaccuracy or anomaly that appears fraudulent, suspicious or that might impact significantly on the register's integrity and the UK's business environment. This would cover new submissions and also information in documents already registered where, in the absence of a satisfactory response, offending material can be removed from the public register (in some cases this would continue to require a court order). Further, a company name could be rejected if Companies House believes it has been chosen to mask underlying criminal or fraudulent activity. An existing company could be told to change its name or have it forcibly changed, and • abolish the requirement for a company to maintain a register of directors (using the public record as proof instead). The consultation also seeks views on requirements for companies to keep other statutory registers (existing requirements around the register of members would be unlikely to change). 	Ongoing	Amber

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>Consultations on: (a) reforms to the powers of the Registrar; (b) implementing the ban on corporate directors, and (c) improving the quality of company accounts (continued)</p> <p>Affects: all companies, in particular with corporate directors</p>	<p><u>(b) Implementing the ban on corporate directors</u> The ban is contained in the Small Business, Enterprise and Employment Act 2015, but is not yet in force. The consultation focuses on the exceptions to the ban.</p> <p>The ban will mean that only natural persons can be directors of UK companies, subject to exceptions (although at least one director would still be required to be a natural person). An attempt to appoint a corporate director will be void and an offence committed by the attempting appointer, proposed appointee and each of their respective directors in default. Companies with existing corporate directors will have 12 months after the ban comes into effect to remove them. Any remaining in office thereafter will cease to hold office.</p> <p>The consultation proposes an exception whereby a corporate entity could be a director if:</p> <ul style="list-style-type: none"> • all of its own directors are natural persons (and any attempt to appoint a corporate director would be void); and • those natural persons verify their identity with Companies House before the appointment. <p>Where a UK company proposes to appoint an overseas entity as a director, it would be required to assure itself that the overseas entity's directors are all natural persons and confirm that annually in its confirmation statement. Only limited companies would be able to act as corporate directors, but views are sought on whether LLPs and LPs should also be included and what conditions should attach to them.</p> <p><u>(c) Improving the quality and value of financial information on the UK companies register;</u> Proposals include:</p> <ul style="list-style-type: none"> • Requiring digital filing of all company accounts. • Requiring full tagging of company accounts using iXBRL (already mandatory for accounts filed with HMRC). • Shortening deadlines for filing accounts and reports, e.g. to six and three months for private and public companies respectively. • Requiring accounts to include metrics on turnover, balance sheet size and number of employees to show that a company is large, medium, small or micro, and for director certification of eligibility to file in the size category being claimed. • Simplifying the small and micro regimes. • Requiring companies to file the most detailed version of any accounts they prepare with all relevant bodies. • Views on how financial information could be shown at Companies House in a more accessible way. <p>The government will consider the responses to the three consultations in parallel with each other.</p>	Ongoing	Amber

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>FRC feedback on proposals for principles-based corporate reporting</p> <p>Affects: all companies, in particular larger companies</p>	<p>On 30 July 2021, the FRC published feedback on its consultation on proposals to replace the current corporate reporting system with a principles based framework. The FRC will now consider how best to develop some of its ideas taking into account the feedback received.</p> <p>In brief, feedback was broadly supportive of a reporting model that accommodates the information needs of investors and wider stakeholders, and of the:</p> <ul style="list-style-type: none"> • development of one set of guiding principles including: <ul style="list-style-type: none"> • Four system-level attributes at the top level - that company reports are accessible, inter-connected, consistent and transparent. • Two report-level attributes thereafter - that individual reports be fair, balanced, understandable and show a true and fair view. • Four content communication principles - that each report be brief, comprehensive and useful; contain only relevant information; contain company-specific information and avoid boilerplate; and be comparable against historic and other companies' reports. • unbundling of the annual report into separate network reports including: <ul style="list-style-type: none"> • Three core mandatory reports: the company's financial statements; a stakeholder-neutral Business Report (based on the strategic report); and a Public Interest Report (covering impact on stakeholders and the environment) (there was less support for a standalone Public Interest Report), • Additional stand-alone financial and non-financial reports that provide detail for specific purposes (e.g. investor presentations, half-year reports and divisional financial statements), • development of standards for non-financial reporting (however, respondents strongly advocated for the alignment of any non-financial reporting standards with international frameworks and initiatives, e.g. the IFRS Foundation's signalled work on sustainability reporting), • importance of firms providing information about how they view their obligations in respect of the public interest, and • use of technology in presenting information. <p>In February 2021, the FRC's Financial Reporting Lab reported on how virtual and augmented reality technologies could be used to expand the scope of, and audience for, corporate reporting.</p>	<p>Ongoing</p>	<p>Amber</p>

General corporate (continued)

Issues	Status	Key Timing	Impact
<p>Consultation on non-compete clauses</p> <p>Affects: UK employers and employees</p>	<p>In December 2020, the government <u>consulted</u> on reforming the law on non-compete clauses in employment contracts. It aims to give employees more freedom and flexibility to drive economic recovery, and ensure fair settlement where restrictions apply. A response is awaited. Two options are proposed:</p> <ol style="list-style-type: none"> 1. Mandatory compensation, where the non-compete would be enforceable only if the employer provides some form of compensation during the non-compete period (some do this already or use 'garden leave' clauses). <ul style="list-style-type: none"> • Additional measures are proposed, including a requirement to disclose the terms of the non-compete before the individual becomes an employee and imposing a maximum limit on the duration of non-competes. 2. An outright ban, possibly subject to exceptions. <p>The consultation also asks whether limits should be applied to other kinds of restrictive covenant such as non-solicitation, non-dealing and protection of goodwill clauses.</p>	Ongoing	Amber
<p>Temporary electronic stamping procedures now permanent</p> <p>Affects: all companies with shares</p>	<p>On 30 April 2021, HMRC updated its <u>guidance</u> on completing stock transfer forms to confirm that the temporary electronic stamping procedures put in place in response to the COVID-19 pandemic are now permanent. Stock transfer forms stamped under the new procedures are confirmed to be 'duly stamped'. <u>Following this, on 18 June 2021, HMRC announced that with effect from 19 July 2021, it would discontinue the use of physical stamping in relation to stamp duty.</u></p> <p>Further, on 21 July 2021, the government published its <u>response</u> to its consultation 'Modernisation of Stamp Taxes on Shares Framework' which looked at the principles and design of a new stamp duty and stamp duty reserve tax regime. As a result of this, the government now plans to explore the feasibility and implications of the key priority areas for change identified by respondents, including a single self-assessed tax on shares, territorial scope and digitisation.</p>	Ongoing	Green
<p>Dormant Assets scheme extended to wider range of financial assets</p> <p>Affects: potentially traded public companies and collective investment schemes</p>	<p>The <u>Dormant Assets Bill</u> is making its way through the <u>House of Lords</u>. The Bill looks to extend the scheme established by the Dormant Bank and Building Society Accounts Act 2008 that distributes dormant assets from bank and building society accounts to good causes, while retaining funds to meet any future claims on them, to a range of other financial assets including collective investment schemes and proceeds or distributions from shares in traded public companies. Each financial asset would have its own definition of dormancy attached to it. Participation would be voluntary.</p>	Ongoing	Green

General corporate (continued)

Looking back

Issues	Status	Key Timing	Impact
<p>COVID-19: Corporate Insolvency and Governance Act - filing deadlines</p> <p>Affects: all companies</p>	<p>On 5 April 2021, the temporary extension of filing deadlines for various documents under CIGA ended. Since then, regular deadlines under relevant legislation have applied (for example in relation to the confirmation statement and other event-driven filings), with an application process for a three month extension for filing annual accounts where the pandemic is cited as a factor affecting timely completion and/or audit of accounts. Companies that already extended their accounts deadline may not be eligible as the law only allows a maximum filing period of 12 months.</p>	<p>During the pandemic</p>	<p>Green</p>
<p>Asset Management Taskforce stewardship recommendations</p> <p>Affects: larger companies</p>	<p>On 24 November 2020, the Asset Management Taskforce (AMT) published a report of 20 recommendations to improve UK stewardship and responsible investment, covering corporate governance, corporate reporting and shareholder engagement. The recommendations cover all asset classes, including real estate and infrastructure. In particular:</p> <ul style="list-style-type: none"> • The FRC's Stewardship Code is the standard for company stewardship and investment managers should sign up to it. • Shareholders should be more proactive in requisitioning resolutions on issues and should develop model resolutions for key concerns like climate change. • The threshold for requisitioning shareholder resolutions (100 or more shareholders holding on average £100 of paid-up capital, or shareholders holding at least 5% of the relevant voting rights) should be reviewed in case it is a barrier to stewardship. • Investors should set out clear expectations of companies after the pandemic, especially those seeking additional investor capital. • Greater shareholder participation in AGMs should continue to be prioritised, including through use of technology. 	<p>Ongoing</p>	<p>Green</p>
<p>COVID-19: GC100 consultation on hybrid and virtual meetings</p> <p>Affects: potentially all companies</p>	<p>On 28 January 2021, GC100 published a paper proposing legislative changes to the current format for AGMs following the pandemic. Although focused on AGMs and listed companies, many of the recommendations would apply to other shareholder meetings and any reforms made would likely need to be reflected in company law more generally.</p> <p>The paper recommends amending the Companies Act 2006 to expressly permit virtual meetings to provide more certainty around the validity of hybrid and virtual meetings. It also includes a draft code of best practice on hybrid and virtual shareholder meetings which includes (among other things) pro forma wording for proposals to amend articles of association to allow hybrid and virtual meetings and to postpone them for technical reasons. GC100 intends to work on the draft code with government, the FRC and investor bodies.</p>	<p>Ongoing</p>	<p>Amber</p>

 TaylorWessing

3 | Financial regulatory

Financial regulatory

Key developments in Q3 2021

- Commencement of key provisions in the Financial Services Act 2021
- Financial Services Act 2021: amendments to the UK's onshored PRIIPs Regulation
- FCA consultation on its power to remove firms' unused permissions
- FCA guiding principles on ESG funds
- FCA's third consultation paper and second policy statement on new UK prudential regime for MiFID investment firms
- HM Treasury: Economic Crime Levy consultation response and draft legislation

Issues	Status	Key Timing	Impact
<p>Commencement of key provisions in the Financial Services Act 2021</p> <p>Affects: REITs, REIT managers and REIT advisers</p>	<p>On 1 July 2021, a number of provisions of the Financial Services Act 2021 came into force, including provisions relating to the following:</p> <ul style="list-style-type: none"> • improvements to the way that the UK's onshored Packaged Retail and Insurance-based Products (PRIIPs) Regulation functions (see below), • amendments to the UK's onshored Benchmarks Regulation to provide the FCA with additional powers to manage an orderly wind-down of a critical benchmark, such as LIBOR before its cessation, • the FCA's ability to vary or cancel permission to carry on regulated activity (see below), and • increased penalties for market abuse in the UK's onshored Market Abused Regulation – see the Equity Capital markets section of this document. 	Q3	Amber

Financial regulatory (continued)

Issues	Status	Key Timing	Impact
<p>Financial Services Act 2021: amendments to the UK's onshored PRIIPs Regulation</p> <p>Affects: REITs, REIT managers, REIT advisers</p>	<p>Section 38 of the Financial Services Act 2021 (see above) amended the UK's onshored PRIIPs Regulation to:</p> <ul style="list-style-type: none"> give the FCA power to use its rules to clarify the scope of the PRIIPs Regulation, which will allow it address any uncertainties as to whether the PRIIPs Regulation applies to particular types of investment product, and substitute 'appropriate information performance' for 'performance scenario', enabling the FCA to set out what information on performance should be include in a key information document. <p>The FCA will need to formally consult on any proposed policy reforms in this area.</p>	Ongoing	Green
<p>FCA consultation on its power to remove firms' unused permissions</p> <p>Affects: REITs, REIT managers, REIT advisers</p>	<p>On 9 September 2021, the FCA released a consultation paper, which discusses the new cancellation and variation power granted under the Financial Services Act 2021 (see above). The FCA proposes that firms confirm their permissions are accurate on an annual basis, ensuring that consumers are not mislead about the firm's credibility and the level of protection a firm offers. The new power would enable the FCA to cancel a firm's permissions more quickly - as soon as it considers them unused, serving a 14 day notice to firms that could lead to a variation or cancellation after one month. The consultation is open until 29 October 2021.</p>	Ongoing	Amber
<p>FCA guiding principles on ESG funds</p> <p>Affects: managers of authorised funds</p>	<p>On 19 July 2021, the FCA published a letter to the chairs of authorised fund managers on the need to improve the quality and clarity of fund documentation for ESG and sustainable investment funds. The regulator reports that these are the fastest growing sector of the European funds market, but that there is concern about the number of poor-quality fund applications submitted. Examples of poor quality include:</p> <ul style="list-style-type: none"> a passive index fund, whose name suggested that it had an ESG-focus, but which had very limited screening applied to a non-ESG index, a fund whose strategy was investing in companies contributing to a 'positive environmental impact' but whose investments would not obviously contribute to carbon net zero, and instances where the fund's proposed holdings did not appear to align with its statements made to investors. <p>This has led the FCA to propose an overarching principle of consistency. This is in turn supported by three principles: design of the fund and its promotional materials; delivery of the fund's strategy against its ESG objectives; and disclosure of information to consumers to help them make investment decisions.</p>	Ongoing	Amber

Financial regulatory (continued)

Issues	Status	Key Timing	Impact
<p>FCA's third consultation paper and second policy statement on new UK prudential regime for MiFID investment firms</p> <p>Affects: REIT managers that are collective portfolio management investment firms, REIT advisers that are MiFID investment firms</p>	<p>On 26 July 2021, the FCA published policy statement PS21/9, which confirms the FCA's second set of proposals relating to the implementation of the UK investment firm prudential regime (IFPR), consulted on in consultation paper CP21/7, which we reported in our UK REIT Horizon Scanner Q2 2021.</p> <p>On 6 August 2021, the FCA published the third and final consultation on IFPR. The consultation closed for feedback on 17 September 2021.</p> <p>Final rules will be published later in the year. The IFPR is due to take effect in January 2022.</p>	Q4 2021	Red
<p>HM Treasury: Economic Crime Levy consultation response and draft legislation</p> <p>Affects: REIT managers and REIT advisers in the AML regulated sector</p>	<p>On 21 September 2021, HM Treasury published their consultation response and draft legislation for a new levy on the anti-money laundering (AML) regulated sector – the Economic Crime Levy (ECL). Under the ECL, AML-regulated entities with over £10.2 million in revenue in the UK will be liable to make levy payments, which will be collected by the relevant AML supervisor. The first levy will be collected from April 2023 to March 2024. The government is holding a consultation on the draft ECL legislation, which will run until 15 October 2021.</p>	Q3 2021	Amber

Financial regulatory (continued)

Issues	Status	Key Timing	Impact
<p>FCA consultation paper on TCFD-aligned climate related disclosure requirements</p> <p>Affects: REIT managers</p>	<p>On 22 June 2021, the FCA published a consultation paper on a climate-related financial disclosure regime for asset managers (among others). The regime is consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and in line with the Government's commitment to introduce mandatory TCFD-aligned climate-related disclosures across the UK economy by 2025, with many to apply from 2023.</p> <p>In summary, the FCA proposed two types of disclosures:</p> <ul style="list-style-type: none"> • Entity-level disclosures. Firms would be required to publish, annually, an entity-level TCFD report on how they take climate-related risks and opportunities into account in managing or administering investments on behalf of clients and consumers. • Product or portfolio-level disclosures. Firms would be required to produce, annually, a baseline set of consistent, comparable disclosures in respect of their products and portfolios, including a core set of metrics. <p>The consultation paper closed for comments on 10 September 2021. Subject to the feedback it receives, the FCA aims to publish a policy statement later in 2021.</p>	Q4 2021	Amber
<p>Regulators set out their views on plans to improve diversity and inclusion in financial services</p> <p>Affects: REIT managers and REIT advisers</p>	<p>The FCA, the Prudential Regulation Authority, and the Bank of England have published a joint discussion paper (DP21/2), in which they set out a number of policy options to improve on diversity and inclusion in financial services. The options include targets for representation, ensuring senior leaders are directly accountable for diversity and inclusion in the firms, linking remuneration to diversity and inclusion metrics, and providing guidance on what amounts to non-financial misconduct. As part of their work, the regulators would like to understand how any changes could be tailored to specific categories of firms to ensure any changes are proportionate.</p> <p>The discussion paper closed on 30 September 2021. The FCA intends to consult on more detailed proposals in Q1 2022, followed by a policy statement in Q3 2022.</p>	Q1 2022	Amber

Financial regulatory (continued)

Looking back

Issues	Status	Key Timing	Impact
<p>List of MoUs and other agreements entered into by FCA with overseas regulators</p> <p>Affects: REIT managers, REIT advisers when considering overseas activities</p>	<p>The FCA has published a list of multilateral and bilateral memoranda of understanding (MoUs) and other agreements it has signed with overseas regulators. The agreements help to ensure regulatory co-operation and exchange of information. Many of the MoUs were entered into ahead of the UK's departure from the EU and applied from the end of the Brexit transition period.</p>	<p>Ongoing</p>	<p>Green</p>

 TaylorWessing

4 | Real estate, planning and construction

Real estate, planning and construction

Key developments in Q3 2021

- COVID-19 measures - a creditor may not present a winding-up petition in respect of commercial rent until 31 March 2022 unless it can prove that the non-payment is not related to the financial effect of the pandemic

Issues	Status	Key Timing	Impact
<p>Building Safety Bill</p> <p>Affects: Investors, owners and developers of higher risk buildings</p>	<p>The Building Safety Bill was introduced to Parliament on 5 July 2021. Published alongside the Building Safety Bill are explanatory notes, some draft regulations and other supporting documents to assist understanding of the Bill.</p> <p>Royal Assent is expected to take 9-12 months to achieve given the length and complexity of the Bill. Once Royal Assent is achieved some of the provisions are intended to be implemented in the first 12 months with the majority to follow within 12-18 months of Royal Assent.</p> <p>The Building Safety Bill proposes a new regulatory framework for higher-risk buildings, which are buildings of over 18 metres in height (or 7 storeys) in England and which contain two or more residential units, a care home or hospital. The Welsh Government is given powers to vary the scope and application of the regime for buildings in Wales.</p> <p>The Bill will also strengthen the Regulatory Reform (Fire Safety) Order 2005, drive competency improvements throughout the industry and improve regulation of construction products.</p> <p>A new provision is the extension of time limits to bring claims under the Defective Premises Act 1972 by extending the limitation period from 6 to 15 years, which is intended to apply retrospectively. Building owners will also be required to take reasonable steps to ascertain whether alternative sources of funding are available prior to carrying out remediation works on buildings in England.</p> <p>Provisions to enable the Secretary of State to make regulations for the imposition of a new levy where a developer seeks building control approval for work to higher-risk buildings first announced in February 2021 are also included.</p>	April – June 2022	Red

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
<p>Building Safety Bill (cont'd)</p> <p>Affects: Investors, owners and developers of higher risk buildings</p>	<p>Amendments to the Town and Country Planning (Development Management Procedure) (England) Order 2015 (as amended) mean that Fire Safety Statements will be required in the planning process from 1 August 2021 for higher-risk buildings in England.</p> <p>See: Building Safety Bill - GOV.UK (www.gov.uk)</p>	<p>1 August 2021 (Planning Gateway One)</p>	Red
<p>Fire Safety Act 2021</p> <p>Affects: Investors, owners, managers and developers of residential buildings</p>	<p>The Fire Safety Act 2021 received Royal Assent on 29 April 2021.</p> <p>The Fire Safety Act clarifies at section 1 that the Regulatory Reform (Fire Safety) Order 2005 applies to the structure, external walls (including balconies and windows) and flat entrance doors in buildings which contain two or more domestic buildings. This means that 'Responsible Persons' (usually the managing agent or landlord) will need to ensure that fire risk assessments include fire safety risks for these parts of a building .</p> <p>Section 1 will come into force on a date to be determined by the Secretary of State or Welsh Minister (for England and Wales respectively).</p> <p>See: Fire Safety: where have we got to? (taylorwessing.com)</p>	<p>TBC</p>	Red
<p>Residential Property Developer Tax (RPDT)</p> <p>Affects: large residential property developers</p>	<p>Consultation is underway on the design and scope of a new RPDT intended to be introduced from 1 April 2022 to help fund the costs of the cladding remediation programme. For further details see section 5, Tax below.</p>	<p>Consultation closes: 22 July 2021</p>	Red

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
Land Control Affects: all those with options	<p>The Ministry of Housing Communities and Government has published a call for evidence on the government's proposals to improve the transparency of contractual mechanisms, such as land options, used to exercise control over land. The Government hopes to gain a better understanding of the sort of arrangements that exist.</p> <p>The Government's particular focus is on options, rights of pre-emption and conditional contracts, where it is consulting on proposals to make key information about these type of contracts over development land disclosable.</p> <p>Developers and beneficiaries of such arrangements may have concerns about the public disclosure of what may be quite detailed and commercially sensitive information. If the proposals go ahead, it could mean that additional compliance costs are incurred, increasing further if the parties wish to keep specific terms of the contract confidential by exempting them from the public land register held by HMLR.</p>	Consultation closed on 30 October 2020 MHCLG response awaited	Amber
Planning For the Future – White Paper Affects: investors and developers	<p>Government published its White Paper – Planning for the Future on 6 August 2020. Key proposals include:</p> <ul style="list-style-type: none"> • Local plans are to be simplified and 3 categories of land to be identified (growth, renewal and protect) • Greater Digitisation to simplify general population engagement • Emphasis on Sustainability • s106 and Community Infrastructure levy to be replaced by a national single infrastructure levy. 	Consultation closed on 30 October 2020 MHCLG response awaited	Amber
Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 Affects all	<p>Core changes announced by Government include the recalibration of the classification of uses of property. Classes A, B1 and D1 applicable to retail, office and non-residential institutions and assembly and leisure uses respectively, are removed and new use classes introduced in their place.</p> <p>Campaign group, Rights: Community: Action (RCA) has now been granted a court hearing to hear their application for judicial review of the changes. The appeal will be pursued on the ground that the Divisional Court erred in concluding that three statutory instruments used to bring the changes into force were not required to be subject to Strategic Environmental Assessment.</p>	[1 September 2020]	Amber

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
<p>Minimum energy efficiency level for rented property in England and Wales</p> <p>Affects: landlords of privately rented commercial or domestic property in England or Wales</p>	<p>Since April 2018, landlords of privately rented commercial or domestic property in England or Wales have not been able to grant a new tenancy unless their properties reach at least an Energy Performance Certificate (EPC) rating of E.</p> <p>The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015, introduced a phased approach to compliance, but by 1 April 2023 every commercial property will need to meet the minimal level in order to continue to be let.</p> <p>See: The Private Rented Property minimum standard – landlord guidance documents</p> <p>There is an exemptions framework to cover certain circumstances, which requires the landlord to note the property on a National PRS Exemptions Register.</p> <p>From 1 April 2019, the 'no cost to landlord' principle does not apply to energy efficiency works at domestic properties. Landlords are now required to fund works required under the regulations up to a cost of £3,500.</p> <p>From 1 April 2020, domestic landlords with private tenants may not let or renew a letting of a property with an Energy Performance Certificate (EPC) rating of F or G. The Energy Efficiency (Private Rented Property for England and Wales) Regulations 2015 ensure that from 1 April 2018, all privately rented properties are captured, regardless of whether a new lease (or a lease renewal) is being completed.</p> <p>From 1 April 2023, commercial landlords will be affected by an extension of the prohibition on new (or renewal) lettings to properties with an Energy Performance Certificate (EPC) rating of F or G. The regulations ensure that from 1 April 2018, all properties will be captured, regardless of whether a tenant is already in occupation.</p>	<p>The next key date is 1 April 2023</p>	<p>Red</p>

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
<p>Future Homes Standard and Future Buildings Standard</p> <p>Affects: developers, owners and occupiers and the construction supply chain</p>	<p>The government has confirmed that the Future Homes Standard is due to come into effect in 2025 with legislation anticipated in 2024. Interim uplifts to standards in Part L of the Building Regulations (Conservation of fuel and power) and changes to Part F (Ventilation) in England for new domestic buildings are expected to come into force in June 2022.</p> <p>A Future Buildings Standard for new non-domestic buildings is also anticipated. A consultation on the government's proposals closed on 13 April 2021.</p>	<p>June 2022</p> <p>Government Response awaited</p>	Amber
<p>Non-domestic buildings minimum energy efficiency standards</p> <p>Affects: developers, owners and occupiers and the construction supply chain</p>	<p>The Energy White Paper confirmed the Government's proposed target for non-domestic buildings to achieve minimum energy efficiency standards and EPC rating of 'B' by 2030.</p> <p>A Consultation on how this target might be met closed on 9 June 2021.</p> <p>The proposals include:</p> <ul style="list-style-type: none"> • A requirement that all let commercial property should have a valid EPC in place at all times by 2025 (thereby bringing many more commercial properties into the ambit of the MEES Regulations) • An interim minimum energy efficiency standard of an EPC rating of C by 2027. • A combined exemptions and compliance database to facilitate enforcement. • Restrictions on both letting agents and online property platforms to require them only to advertise and let properties that are compliant with the MEES Regulations. <p>See: Consultation</p>	<p>Consultation closed 9 June 2021</p> <p>Response awaited.</p>	Amber

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
<p>The Charter for Social Housing Residents</p> <p>Affects: Property investors, local authorities, occupiers of social housing</p>	<p>The Ministry of Housing, Communities and Local Government published the Social Housing White Paper (aka 'The Charter for Social Housing Residents') on 17 November 2020. A full copy of the White Paper is available here.</p> <p>The document contains few surprises and, as expected, the focus is on health & safety and tenant empowerment. The government will be working with the Regulator for Social Housing (RSH) to create a strong, proactive consumer regulatory regime, strengthening the formal standards against which landlords are regulated and requiring them to:</p> <ul style="list-style-type: none"> • be transparent about their performance and decision-making – so that tenants and the regulator can hold them to account • put things right when they go wrong, and • listen to tenants through effective engagement. 	<p>MHCLG response published</p>	<p>Amber</p>
<p>Electric Vehicle Charging Consultation</p> <p>Affects: property owners, managers and investors</p>	<p>In July 2019, the government opened a consultation relating to the promotion of electric vehicles.</p> <p>The Electric Vehicle Charging Consultation's key proposals are that new residential buildings with an associated car parking space have a charge-point and that residential buildings undergoing major renovations with more than 10 car-parking spaces have cable routes for electric vehicle charge-points in every space.</p> <p>Supermarkets, retails parks, workplaces with carparks and public buildings such as schools, churches and community centres will also be caught by the proposals that existing non-residential buildings with more than 20 car-parking spaces have one charge point from January 2025. A related consultation seeks views on making it mandatory for new EV charge-points to be smart-enabled to allow charging at off peak-times.</p> <p>See: Electric Vehicle Charging in Residential and Non-Residential Buildings</p> <p>See: Electric Vehicle Smart Charging</p>	<p>Consultations closed on 7 October 2019</p> <p>Government response is still awaited</p>	<p>Amber</p>

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
<p>Unfair Practices in the Leasehold Market – MHCLG Review</p> <p>Affects: Residential and mixed-use property owners, managers and investors</p>	<p>On 20 March 2019, the Housing, Communities and Local Government Select Committee issued its report on leasehold reform. It has made a number of recommendations to the government, including that commonhold (see section below) should become the primary model of ownership of flats in England and Wales. It also asked the Competition and Markets Authority (the CMA) to investigate leasehold mis-selling. The CMA formally launched its investigation on 11 June 2019 and it will look at potential mis-selling, and potential unfair terms. On 3 July 2019, the government issued its response to the Select Committee report, and confirmed that it is bringing forward reforms including: banning the grant of new leases of houses; restricting ground rents on new leases to a peppercorn; and working with the Law Commission to reinvigorate Commonhold.</p> <p>See: Report on Leasehold Reform and Government response to Select Committee report</p> <p>On 28 March 2019, the government announced a new 'Public pledge for leaseholders' in which certain property developers and freeholders have publicly committed to certain principles, including:</p> <ul style="list-style-type: none"> • amending ground rent clauses where the rent doubles more frequently than every 20 years, offering to amend it to one linked to RPI (which we note is not an official statistic and tends to run higher than CPIH, the official consumer prices index including owner-occupiers' housing costs) • not inserting into any future lease a clause whereby ground rent doubles more frequently than every 20 years. <p>See: Public Pledge for Leaseholders</p> <p>On 15 April 2019, the government announced its consultation into ending no-fault evictions for private residential tenancies (the abolition of section 21 Notices). Under the current rules, a landlord does not need to provide a reason for taking back a property at the end of the contractual term of the tenancy, provided that it complies with basic regulations and serves two months' notice on the tenant (a section 21 Notice). The consultation proposes that landlords must provide a concrete, evidenced reason already specified in law for bringing tenancies to an end, and so paves the way for open ended residential tenancies, of the sort more commonly found across the Continent. Details of how landlords could regain possession from tenants under the new rules are yet to be fleshed out, but it is proposed that the section 8 eviction process is also amended so that landlords are able to regain their property if they wish to sell it or move into it. On 21 July 2019, the government launched a consultation which seeks views on the implementation of the decision to abolish section 21 Notices.</p> <p>See: Government announces end to unfair evictions and A new deal for renting: Consultation description</p>	<p>Consultation closed on 12 October 2019. Response awaited</p>	<p>Amber</p>

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
<p>Law Commission Residential Leasehold and Commonhold Project</p> <p>Affects: Residential and mixed-use property owners, managers and investors</p>	<p>The Law Commission's Residential Leasehold and Commonhold Project considers how to deal with existing leasehold houses subject to ground rents, as well as potential future models. The terms of reference that have been agreed with the government require the Law Commission:</p> <ul style="list-style-type: none"> • to provide a better deal for leaseholders as consumers • to simplify the enfranchisement regime • to promote transparency and fairness • to set out the options for reducing premiums payable for enfranchisement, while ensuring sufficient compensation is paid to landlords to reflect their legitimate property interests. <p>On 20 September 2018, the Law Commission issued its consultation paper on leasehold home ownership.</p> <p>See: Leasehold Home Ownership: Buying your freehold or extending your lease</p> <p>On 11 December 2018, the Law Commission also published its consultation paper on reinvigorating the commonhold model of property ownership, as an alternative to leasehold ownership.</p> <p>See: Reinvigorating commonhold: the alternative to leasehold ownership</p> <p>In January 2019, the Law Commission published its consultation paper on reform of the Right to Manage leasehold property.</p> <p>See: Leasehold home ownership: exercising the right to manage</p> <p>In January 2020 the Law Commission published its report on options to reduce the price payable. Within the report they set out a number of options for reducing premiums and simplifying how these are to be calculated. It contains no recommendations – the way forward will be determined by Parliament.</p> <p>See: Report on options to reduce the price payable</p>	<p>Law Commission response published on 7 January 2021 – see following page</p> <p>Right to Manage consultation period closed on 30 April 2019. Response awaited – delayed by COVID-19</p>	<p>Amber</p>

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
<p>Law Commission Residential Leasehold and Commonhold Project (cont'd)</p> <p>Affects: Residential and mixed-use property owners, managers and investors</p>	<p>Government previously announced that legislation would be brought forward in the upcoming session of Parliament to implement the recommendations.</p> <p>In addition, the government stated its intention to:</p> <ul style="list-style-type: none"> • Remove the marriage value concept from the calculation of premiums. • Introduce an online calculator to allow leaseholders to calculate the cost of buying their freehold or extending their lease. • Ensure that the existing proposal for zero ground rents for new leasehold properties be expanded to include leasehold retirement properties. • Establish a Commonhold Council to reinvigorate commonhold. <p>The announcement did not give a timetable for when these additional proposals would be implemented, and there was no explanation of how valuations would be calculated following the removal of the marriage value concept.</p> <p>On 14 September 2021 the Leasehold Reform (Ground Rent) bill completed its stages in the House of Lords. The date for its second reading in the House of Commons is yet to be announced. Once implemented the new legislation will set ground rents of new residential long leases (21 years and over) at a peppercorn. There are a limited number of exemptions for social housing, shared ownership and sharia type arrangements where a leasehold structure is used for financing purposes. In addition, retirement home leases are exempted until 31 March 2023.</p> <p>See further: what does the Leasehold Reform (Ground Rent) Bill mean for leaseholders?</p>	<p>Law Commission response published on 7 January 2021</p> <p>Right to Manage consultation period closed on 30 April 2019. Response awaited – delayed by COVID-19</p>	<p>Amber</p>

Real estate, planning and construction (continued)

Issues	Status	Key Timing	Impact
Coronavirus COVID-19 temporary statutory interventions for Real Estate	<ul style="list-style-type: none"> Landlords cannot forfeit for non-payment of rent until 25 March 2022 (with a wide interpretation given to rent to include such items as service charge and insurance). Use of the Commercial Rent Arrears Recovery procedure only be permitted where there is at least 554 days worth of outstanding rent. New legislation will be introduced to ringfence outstanding unpaid rent that has built up when a business has had to remain closed during the pandemic. The legislation will help tenants and landlords work together to come to an agreement on the terms of a repayment plan. Where an agreement cannot be made, the legislation will introduce a binding arbitration process to enable both parties to come to a legally binding agreement. On 30 September 2021, the temporary restrictions on statutory demands and winding-up petitions under CIGA 2020 expired. However, new temporary targeted restrictions for winding up petitions in relation to small businesses and commercial tenants, which are presented between 1 October 2021 and 31 March 2022, are set out in the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Amendment of Schedule 10) (No. 2) Regulations 2021 (in force 1 October 2021). See the General corporate section for further information. Residential mortgage holidays of 3 months for both owner occupied and buy to let owners is in force until 30 November 2021. Different requirements apply depending on whether the possession claim was first issued before 3 August 2020 or after. For those claims issued before 3 August 2020 reactivation notices will be required, whilst for any claims issued after 3 August 2020 the claimant must include information in a notice which sets out the knowledge they have as to the impact of COVID-19 on the defendant and their dependents. 	Ongoing	Red
Draft registration of overseas entities bill Affects: Overseas owners of UK property	<p>In 2016, the government confirmed that it will go ahead with plans for a new register of overseas legal entities owning UK real estate, disclosing their beneficial owners. On 20 May 2019, the House of Commons and House of Lords Joint Committee on the draft Registration of Overseas Entities Bill published a report, making recommendations aimed at improving the draft legislation.</p> <p>Some of the more important recommendations include lowering the currently-proposed 25% ownership and voting thresholds for the definition of a registrable beneficial owner – and a suggestion that this should be extended to the PSC regime. The report also recommends a specific requirement to update the register of overseas beneficial ownership before making any disposition of UK land, and the introduction of civil penalties for overseas entities that breach their obligations under the draft Bill, which could be backed up by criminal sanctions for non-payment.</p> <p>Taylor Wessing has been liaising with BEIS in relation to the practical steps needed to implement the Register of Overseas Beneficial Ownership.</p> <p>See: Joint Committee on the Draft Registration of Overseas Entities Bill</p>	Draft legislation published in July 2018. It is anticipated that the register will go live by early 2021	Amber

 TaylorWessing | **5 | Tax**

Tax

Key developments in Q3 2021

- Technical consultation launched on draft legislation for the Residential Property Developer Tax
- Draft legislation published for targeted changes to the UK REITs regime

Issues	Status	Key Timing	Impact
<p>Draft legislation for the new Residential Property Developer Tax</p> <p>Affects: large residential property developers</p>	<p>In February 2021 the government announced that a new tax, the Residential Property Developer Tax (RPDT), would be introduced from 1 April 2022 to help fund cladding remediation works on high rise buildings.</p> <p>Following a consultation on the policy design of the RPDT, draft legislation (to be included in Finance Bill 2022) was published on 20 July 2021 for technical consultation. Key features include:</p> <ul style="list-style-type: none"> ▪ Duration: the tax is intended to be time-limited, aiming to raise £2 billion over 10 years. ▪ Scope: it will apply to the largest corporates profiting from UK residential property development. ▪ Tax base: a formula is used to calculate profits subject to RPDT that combines elements of both the company-based approach and the activities-based approach that were proposed in the earlier consultation. ▪ Annual allowance: a group-wide allowance of £25 million was proposed in the consultation, although this amount has not been confirmed in the draft legislation; there is no provision for carry-forward of unused allowance. ▪ Rate: this will be announced on Budget Day (27 October 2021). ▪ Definition of 'residential property': largely replicates the current SDLT definition but extended to include future residential use (ie where planning permission has been sought or granted); communal dwellings such as hotels, care homes and student accommodation are excluded from RPDT but retirement homes are not. ▪ Development activities: a non-exhaustive list of activities is included covering dealing, designing and constructing, but also seeking planning permission, marketing and managing; it is currently unclear whether the build-to-rent sector will be caught. ▪ Anti-avoidance: rules on anti-forestalling are included. 	<p>Technical consultation closes on 15 October 2021</p> <p>Full design and rate of RPDT to be announced on Budget Day (27 October 2021)</p> <p>Legislation comes into force on 1 April 2022</p>	<p>Red</p>

Tax (continued)

Issues	Status	Key Timing	Impact
<p>Draft legislation for targeted changes to UK REITs rules, and the wider review of the UK funds regime</p> <p>Affects: UK REITs</p>	<p>Following consultation in December 2020, draft legislation has now been published which contains targeted changes to the UK REITs regime to make the UK a more competitive location for holding real estate assets. In particular:</p> <ul style="list-style-type: none"> ▪ Removing the listing requirement for REITs that are at least 99% owned by institutional investors. ▪ Modifying the close company condition for REITs owned by institutional investors by amending the definition of 'overseas equivalent of a UK REIT'. ▪ Relaxing the 'holder of excessive rights' rule for shareholders entitled to receive distributions from a REIT without withholding. ▪ Simplifying the balance of business test. <p>The government is also considering further changes to the UK REITs rules as part of a wider review of the UK funds regime. In January 2021 a call for input was published which (among other things) sought views on the barriers and complexities that exist within the UK REITs regime. Proposals under consideration include:</p> <ul style="list-style-type: none"> ▪ Abolishing the REIT interest cover test. ▪ Modernising the 'three-year development rule'. ▪ Removing the requirement for a REIT to hold at least three properties. ▪ Mitigating tax inefficiencies that arise where overseas property is held by a REIT. <p>A government response to the call for input is awaited.</p>	<p>The targeted changes to the UK REITs rules take effect from 1 April 2022</p>	<p>Red</p>

Tax (continued)

Issues	Status	Key Timing	Impact
<p>Finance Act 2021 – Super-deduction and special rate first year allowances for capital allowances</p> <p>Affects: REITS investing in capital expenditure</p>	<p>The Finance Act 2021 includes a 'super-deduction' and special rate first year allowance for companies investing in qualifying new plant and machinery between 1 April 2021 and 31 March 2023.</p> <p>Qualifying expenditure on main rate assets that would ordinarily qualify for 18% writing down allowances will be relieved by a super-deduction of 130%. Qualifying expenditure on special rate assets that would ordinarily qualify for 6% writing down allowances will be relieved by a 50% special rate first year allowance.</p> <p>Although income from a REIT's property rental business is not within the charge to UK tax, notional allowances will be taken into account in calculating its distributable profits, reducing the amount that the REITs are required to distribute to investors.</p>	<p>Applies to expenditure incurred between 1 April 2021 and 31 March 2023</p>	<p>Amber</p>



TaylorWessing

6 | Key contacts

Key contacts

Important note

This document is intended to give a general overview of the matters covered as they affect REITs listed on the Main Market of the London Stock Exchange and by its nature cannot be exhaustive. The information in this document is not intended to be, and should not be used as, a substitute for taking legal advice for any specific situation. Law and regulation are subject to change after the date this document is published. Links to publications and websites are included for convenience and no responsibility is accepted for the contents or accuracy of those documents or websites.

Key contacts



William Belcher
Partner, London
Corporate Finance
+44 (0) 20 7300 4221
w.belcher@taylorwessing.com



Alan Evans
Partner, London
Real Estate
+44 (0) 20 7300 4637
a.evans@taylorwessing.com



Charlotte Hill
Partner, London
Financial Services
+44 (0) 20 7300 7011
c.hill@taylorwessing.com



Peter Jackson
Partner, London
Tax
+44 (0) 20 7300 4721
p.jackson@taylorwessing.com



Mark Rajbenbach
Partner, London
Corporate Real Estate
+44 (0) 20 7300 4121
m.rajbenbach@taylorwessing.com