



# INTERNATIONAL COMPARISON

March 2024



**What's in this issue:**

## **“Regulations on Real Estate Investment Trust (REIT)”**

Auren International Comparison is a quarterly publication that provides you an overview of trends and international tax developments by comparing tax issues in different legislations around the world, that may affect those doing business in multiple locations.

Constant legislative, regulatory, and judicial changes, along with globalization, economic shifts, and operational adjustments, are challenging issues. Now more than ever, in an increasingly globalized world, companies must have a total perspective and awareness of tax issues, and this publication aims to cover key tax topics which should be of interest to businesses operating internationally.

This edition includes numerous country focus pieces, in which it is analyzed the Real Estate Investment Trust regulations across various countries. It explores the unique legal and regulatory landscapes that influence REIT operations, structures, and investment strategies globally.

We hope that you find this publication helpful.

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## BRAZIL

LEGAL REGULATIONS		
Concept	Comment	
<b>Legal form</b>	Anonimous Corporation ("Sociedad Anónima" - S.A.)	Fund - Called Real Estate Investment Fund (FIIs) - no legal entity
<b>Company name</b>	The abbreviation "SOCIMI, S.A." must be included.	The expression "fundode investimento imobiliário" must be included
<b>Minimal capital share</b>	5 million Euro, to be represented by a single class of shares.	There's no minimun capital share.
<b>External debt limitations</b>	There is no maximum threshold for external debt.	Fund cannot make debts.
<b>Listing requirements</b>	SOCIMIs must be listed on (a) a regulated market in Spain, a member state of the EU, the European Economic Area or a state with which there is an effective exchange of information or; (b) a Spanish MTF (e.g. BME Growth), a member state of the EU or the European Economic Area.	Open FIIs - listed on São Paulo Stock Exchange // Closed Funds - no need to be listed on São Paulo Stock Exchange.
<b>Restrictions on investors</b>	The Spanish Stock Exchange requires a certain degree of value dissemination. Therefore, shareholders with less than 5% of the share capital must hold shares in the SOCIMI, which: (i) have an estimated market value of EUR 2 million or, alternatively, (ii) represent 25% of the issued shares. There are no specific restrictions on non-resident investors	N/A
<b>Activity test</b>	The corporate purpose of the SOCIMI must be based on the following: <ul style="list-style-type: none"> <li>• The acquisition and development of urban real estate for lease, including the refurbishment of buildings;</li> <li>• The holding of shares in other SOCIMIs or in other entities not resident in Spain, provided that they have the same corporate purpose as a REIT and are subject to a similar regime in terms of mandatory profit distribution policy;</li> <li>• Holdings in the share capital of other entities, whether resident or non-resident, with the same coporate activity, dividend distribution obligations, asset and income tests as SOCIMIs; and</li> <li>• Holdings of shares or units in Spanish regulated real estate collective investment institutions.</li> </ul>	N/A
<b>Asset test</b>	At least 80% of the value of the assets of the SOCIMI must consist of urban real estate intended for lease, land for the development of such real estate, or shares in entities subject to an equivalent tax regime. These investments must be maintained for a period of 3 years (if a property is not leased, the fact that it is offered for lease will count for up to one year). A SOCIMI can own just a single property and the real estate assets can be located in Spain or abroad.	N/A
<b>Restrictions on foreign assets</b>	No restrictions are applicable, provided that they meet the requirements set for Spanish assets and that they are located in a jurisdiction with tax information exchange with Spain.	No restrictions
<b>Distribution requirements</b>	SOCIMIs must distribute (a) 100% of the profits from the dividends distributed by the SOCIMIs subsidiaries; (b) at least 50% of the profits from the transfer of real estate and shares of the SOCIMIs subsidiaries; and (c) at least 80% of the remaining profits obtained.	95% of the profit

<b>Other aspects</b>	When a REIT (SOCIMI) is the sole shareholder of another REIT (Sub-REIT or Sub-SOCIMI), the requirements relating to the admission to trading of the shares, the minimum share capital and the company name need only be met by the REIT.	N/A
<b>TAX REGULATIONS</b>		
<b>Concept</b>	<b>Comment</b>	
<b>Tax treatment at REIT's level</b>		
<b>CIT treatment</b>	The SOCIMI is subject to Spanish Corporate Income Tax at a 0% rate. With the following exceptions: <ul style="list-style-type: none"> <li>• Standard tax rate (25%), applicable to income derived from investments which do not respect the three year holding period.</li> <li>• Special tax on distributed profits (19%), on the full amount of dividends or shares in profits distributed to shareholders when: (a) the participation in the share capital of the entity is equal to or greater than 5% and, (b) said dividends are exempt or taxed at a rate of less than 10%. This tax will be treated as a corporate income tax liability.</li> <li>• Special tax on undistributed profits (15%), on the amount of the profits obtained in the financial year that is not subject to distribution, to the extent that it derives from income that has not been taxed at the general rate of CIT and is not income subject to the 3-year reinvestment period. This tax will be treated as a corporate income tax liability.</li> </ul>	FII is subject to CSLL tax of 9%.
<b>Indirect taxes treatment</b>	95% rebate on Transfer Tax and Stamp Duty ("Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados").	N/A
<b>Tax treatment at REIT's level</b>		
<b>Withholding tax</b>	<ul style="list-style-type: none"> <li>• Resident investors: a general withholding tax of 19% will be applied to the distributed dividends.</li> <li>• Non-resident investors: the internal regulations set a withholding tax rate of 19%. However, the Treaty between Spain and the country of residence of the investor shall be analysed for lower rates.</li> </ul>	FII's dividends are not subject to Income Tax. Capital Gain income tax of 20%.
<b>Resident investors</b>	<ul style="list-style-type: none"> <li>• Individual investors: dividends earned from SOCIMI's shares are subject to the Personal Income Tax regulations, with no applicable tax exemptions. Capital gains derived from the sale of the shares will also be subject to the Personal Income Tax regulations.</li> <li>• Corporate investors: dividends and capital gains derived from the participation in the capital of a SOCIMI will be taxed under the general tax rate of 25%.</li> </ul>	FII's dividends are not subject to Income Tax. Capital Gain income tax of 20%.
<b>Non-resident investors</b>	Dividends and capital gains are subject to general rules for non-residents and to the provisions of the applicable tax conventions. Capital gains derived from the transfer of shares in a SOCIMI listed in a Spanish official market are tax free in Spain if the investor holds less than 5% of the capital share.	FII's dividends are not subject to Income Tax. Capital Gain income tax of 20%.



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# BULGARIA

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Joint Stock Company
<b>Company name</b>	Special Investment Purpose Company (SIPC)
<b>Minimal capital share</b>	500 000 BGN, to be represented by dematerialised shares.
<b>External debt limitations</b>	There is no maximum threshold for external debt.
<b>Listing requirements</b>	SIPC must be listed on (a) a regulated market in Bulgaria, a member state of the EU, the European Economic Area.
<b>Restrictions on investors</b>	There are no restrictions on investors
<b>Activity test</b>	The corporate purpose of the SIPC must be based on the following: <ul style="list-style-type: none"> <li>purchase of real estate and rights in rem over real estate, carrying out constructions and improvements for the purpose of making them available for management, renting or leasing and selling them;</li> </ul>
<b>Asset test</b>	<ul style="list-style-type: none"> <li>At least 70% of the value of the assets of the SIPC investing in real estate properties shall be as a result of the SIPC activity. - At least 70% of the gross income for the relevant year of the SIPC investing in real estate properties shall be as a result of its activity. The real estate properties shall be located in Bulgaria or in a country-member of the EU. SIPC shall be compliant with the requirements above within a period of 2 years as of receiving a license from the Financial Supervision Commission.</li> </ul>
<b>Restrictions on foreign assets</b>	The SIPC can acquire real estate on the territory of another member state only if this is provided for in the company's statutes and in the prospectus for public offering of securities.
<b>Distribution requirements</b>	SIPC distributes as an annual dividend not less than 90% of the profit for the financial year. SIPC can pay a 6-month dividend under certain conditions.
<b>Other aspects</b>	SIPC investing in real estate may establish or acquire shares or shares in a commercial company (specialized company) whose exclusive subject of activity is the acquisition of real estate and rights in rem over real estate, carrying out construction and improvements, for the purpose of making them available for management, renting or leasing and selling them. A specialized company may be established or acquired by more than one specialized company investing in real estate.
TAX REGULATIONS	
Concept	Comment
Tax treatment at REIT's level	
<b>CIT treatment</b>	The SIPC is subject to Bulgarian Corporate Income Tax at a 0% rate.
<b>Indirect taxes treatment</b>	The SIPC is subject to Bulgarian Corporate Income Tax at a 0% rate. Bulgarian local real estate tax transfer varies between 0.1 per cent and 3.0 per cent and is determined annually by the municipal council of each municipality. The stamp duty is paid to the Bulgarian Registration Agency at 0.1%. The stamp duty is levied on the higher between the purchase price and the tax evaluation of the Bulgarian property.

**Tax treatment at investor's level**

<b>Withholding tax</b>	<ul style="list-style-type: none"> <li>Resident investors: a general withholding tax of 5% will be applied to the distributed dividends.</li> <li>Non-resident investors: the internal regulations set a withholding tax rate for dividends of 5%. However, the Treaty between Bulgaria and the country of residence of the investor shall be analysed for different rates.</li> </ul>
<b>Resident investors</b>	<ul style="list-style-type: none"> <li>Individual investors: dividends earned from SIPC's shares are subject to the Personal Income Tax regulations, with no applicable tax exemptions. Capital gains derived from the sale of the shares will also be subject to the Personal Income Tax regulations.</li> <li>Corporate investors: capital gains derived from the participation in the capital of a SIPC will be taxed under the general tax rate of 10%.</li> </ul>
<b>Non-resident investors</b>	Dividends and capital gains are subject to general rules for non-residents and to the provisions of the applicable tax conventions. In Bulgaria capital gains are subject to 10% tax



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## COLOMBIA

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Stock companies. Called public limited companies S.A.
<b>Company name</b>	Nombre de la sociedad con sigla S.A. Ejemplo Fiduciaria Bogotá S.A.
<b>Minimal capital share</b>	Trust companies must prove a capital solvency ratio of \$20,000 million (COP).
<b>External debt limitations</b>	There is no maximum threshold for external debt.
<b>Listing requirements</b>	In Colombia, Trust companies are controlled and supervised by the Financial Superintendence of Colombia as the regulatory entity of the trust sector.
<b>Restrictions on investors</b>	In the public limited company the minimum number of shareholders is five (5), there is no limit as to the maximum number of shareholders.
<b>Activity test</b>	Trust Companies' corporate purpose is to provide financial services with the execution of Commercial Trust contracts. They are professionals in management businesses, transactions or operations on behalf of third parties. The main corporate purpose includes: investment trust, real estate trust, administration and payment trust, guarantee trust and collective investment funds among other services. In the case of the real estate trust, a trust business which purpose is the "administration of resources and assets assigned to a real estate project or the administration of the resources associated with the development and execution of that project", according with the instructions indicated in the contract.
<b>Asset test</b>	Modalities of real estate trust: 1) Pre-sales, which include the collection of resources until the conditions are met. 2) administration trust and payments that correspond to the transfer of property, construction and deed 3) treasury trust that is the administration according to the progress of work or cost report.
<b>Restrictions on investors</b>	The real estate assets or trust contracts must be located in Colombian territory.
<b>Distribution requirements</b>	In Colombia, each trust company distributes profits annually to its owners or shareholders in accordance with the profit distribution project presented by the management of the trust company and submitted to the approval of the general meeting of shareholders.
<b>Other aspects</b>	The general regulatory framework for trust companies in Colombia is regulated by the Commercial Code, basic and legal Circular of the Financial Superintendence of Colombia, accounting and financial Circular of the Financial Superintendency of Colombia, Organic Statute of the Financial System, among other regulations.

TAX REGULATIONS	
Concept	Comment
<b>Tax treatment at REIT's level</b>	
<b>CIT treatment</b>	Trust companies are subject to income tax and complementary to the rate of 35% on the net income of the trust company. In the case of trust businesses or assets that form a commercial trust contract, the trustors must declare them based on the information that the trust company certifies to the trustor. Article 102 of the Tax Statute establishes the rules for declaring fiduciary rights and they will have their fiscal cost and the tax conditions of the assets or rights contributed to the autonomous patrimony. At the close of each taxable period, the fiduciary rights will have the property treatment that corresponds to the assets owned by the autonomous estate. For income and complementary tax purposes, the income arising from commercial trust contracts is generated at the moment when there is an increase in the trust assets, or an increase in the assets of the transferor, in the case of transfers of rights over said contracts.
<b>Indirect taxes treatment</b>	The indirect tax on trust contracts is the value added tax (VAT) at a rate of 19%. Although the autonomous assets are independent of each other, and each may have its own trustors and beneficiaries, for the purposes of submitting the VAT declaration, the trust company, as responsible, must consider all the factors inherent to the same, such as the total of the net income received during the taxable period and the totality of the deductible taxes that are intended to be requested therein.
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	Annually, the trust companies, through the shareholders' meeting, approve the project for the distribution of profits via dividends, which may be distributed in cash or also by capitalizing them to increase the paid-in capital. To establish withholding on dividends, the taxed and non-taxed part must be calculated in accordance with the procedure established in article 49 of the Tax Statute.
<b>Resident investors</b>	Dividends: For the taxable year 2020, the rate for this concept is 10% and for the years 2023 and following years it will be 20%, in the case of dividends that are distributed as not taxed, in accordance with the procedure established in the article 49 of the Tax Statute.
<b>Non-resident investors</b>	Dividends distributed to foreign companies and non-resident natural persons and dividends distributed by branches of foreign companies and permanent establishments. Before or after December 31, 2022 Not taxed N/A. Taxed <b>33%</b> . After January 1, 2017 Before December 31, 2022 Not taxed <b>10%</b> . Taxed <b>41.5%</b> . After December 31, 2022 Not taxed <b>20%</b> . Taxed <b>48%</b> .

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## EGYPT

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	<p>In Egypt, a REIT is typically established as a closed-ended investment fund. To be recognized as a REIT, certain conditions must be met:</p> <ul style="list-style-type: none"> <li>• A minimum of 75% of the REIT's assets must be invested in real estate assets.</li> <li>• It should distribute a significant portion of its income (typically above 90%) to its shareholders annually.</li> <li>• It must be managed by a management company licensed by the Egyptian Financial Regulatory Authority (FRA).</li> </ul> <p>Egyptian law is only contemplates one type of REIT, which is the equity REIT ("REIT")</p>
<b>Company name</b>	The abbreviation "Fund" must be included.
<b>Minimal capital share</b>	2% of the investment Fund or EGP 5 million
<b>External debt limitations</b>	There is no maximum threshold for external debt.
<b>Listing requirements</b>	<p>REITs are regulated under the oversight of the Financial Regulatory Authority of Egypt ("FRA"). There are couple of laws managing the REITs creation and operation in Egypt:</p> <ul style="list-style-type: none"> <li>• Capital Market Law (Law No. 95 of 1992): This is the primary legislation governing non-banking financial instruments and capital markets in Egypt. Several provisions touch upon the establishment, management, and operation of REITs, ensuring a robust regulatory framework.</li> <li>• Mortgage Finance Law (Law No. 148 of 2001): As REITs can involve the securitization of mortgages, understanding this law is essential for investors.</li> </ul>
<b>Restrictions on investors</b>	There are no specific restrictions
<b>Activity test</b>	A minimum of 80% of the REIT's of Fund revenues from the investment property revenue should be Rental income, dividends or capital gains. The fund should distribute a significant portion of its income (typically above 90%) to its shareholders annually.
<b>Asset test</b>	<p>A minimum of 80% of the REIT's assets must be invested in real estate assets.</p> <p>One of the advantages of the Egyptian law, it enables the REIT to invest in even those assets which do not fall under the scope of only registered properties. The Law enables REITs to invest in those assets which merely allocated by the competent authorities by virtue of a merely allocation letter. For instance, those allocation letters typically awarded by the "New Urban Communities Authority". This advantageous would likely systemize the market where more than 90 % of the real estate market is not registered.</p>
<b>Restrictions on foreign assets</b>	Still in development and currently financial institutions are investing in Egyptian real estate

<b>Distribution requirements</b>	No specific requirements
<b>Other aspects</b>	<p>While REITs have been prominent in Western economies for decades, their introduction in Egypt is relatively recent. The Egyptian government recognized the potential of REITs as an instrument to enhance liquidity in the real estate market and attract both domestic and foreign investments. While REITs offer numerous advantages, they also come with challenges:</p> <ul style="list-style-type: none"> <li>• Market Volatility: Being traded on the stock market, REITs are susceptible to market fluctuations.</li> <li>• Regulatory Scrutiny: Given their relatively recent introduction, REITs in Egypt are under significant regulatory scrutiny, which can sometimes result in rapid policy shifts.</li> </ul>
<b>TAX REGULATIONS</b>	
<b>Concept</b>	<b>Comment</b>
<b>Tax treatment at REIT's level</b>	
<b>CIT treatment</b>	<p>The REIT is exempted from the Corporate Income Tax, with the following limitations:</p> <ul style="list-style-type: none"> <li>• The fund is established according to the Capital Market Law (Law No. 95 of 1992)</li> <li>• The investment of the fund is 75% at shares of real estate companies.</li> <li>• 80% OF Fund revenues from the investment property revenue (Rental income, dividends, capital gains).</li> <li>• The fund does not operate as a real estate developer activity.</li> </ul>
<b>Indirect taxes treatment</b>	Not applicable
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	<p>The law no. 30 of 2023 treatment of the gains/returns received from the aforementioned funds by juridical and or natural persons will be subject to a flat tax rate as follows:</p> <ul style="list-style-type: none"> <li>• Natural persons: 5%</li> <li>• Juridical/ Corporate persons: 15%</li> </ul> <p>The relevant investment cost related to the aforementioned gains and returns will be considered non-deductible expenses. The executive regulations of this law shall determine the calculation methodology of the relevant costs.</p>
<b>Resident investors</b>	<p>In addition to the Withholding tax above, A Stamp Duty applies on sale of Fund shares based on ownership % as follows:</p> <ul style="list-style-type: none"> <li>• 0.05% (Buy/ Sell lower than 33% of the issued shares) for residents</li> <li>• 0.3% (Buy/Sell 33% up to 100% of the issued shares)</li> </ul>
<b>Non-resident investors</b>	<p>In addition to the Withholding tax above, Stamp Duty applies based on sale of Fund shares based on ownership % as follows:</p> <ul style="list-style-type: none"> <li>• 0.125% (Buy/ Sell lower than 33% of the issued shares) for non-residents</li> <li>• 0.3% (Buy/Sell 33% up to 100% of the issued shares)</li> </ul>



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## FINLAND

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Limited company ("Osakeyhtiö" - Oy)
<b>Company name</b>	Must include word "Kiinteistörahasto" (called REIT in this article) or if the company engages only in rental housing investment can the word "Asuntorahasto" be used.
<b>Minimal capital share</b>	5 million Euro
<b>External debt limitations</b>	The amount liabilities in company's financial statements do not exceed 80 % of the total balance sheet sum. The real estate fund may take credit amounting to no more than half of the real estate fund's assets.
<b>Listing requirements</b>	The shares must be listed on (a) a regulated market in European Economic Area or on (b) MTF of a member state of the European Economic or on (c) an exchange system comparable to a regulated market or MTF located or operating in another country. <ul style="list-style-type: none"> <li>The shares must be available within three years of starting REIT operations. Must disclose the value and number of its shares at least on a quarterly basis.</li> </ul>
<b>Restrictions on investors</b>	A single shareholder must not own more than 10% of the total share capital.
<b>Activity test</b>	The corporate purpose of the REIT must be based on the following: <ul style="list-style-type: none"> <li>The business engages exclusively or primarily in real estate funding operations and offers the public the opportunity to participate in collective real estate investments.</li> <li>Funds need to be invested without an undue delay into (a) real estate in EEA country or (b) into securities.</li> <li>Cannot own subsidiaries engaging in activities permitted for the REIT, the REIT itself must carry out such activities directly. Similarly, activities that are not permitted for the REIT itself cannot be conducted through a subsidiary."</li> </ul>
<b>Asset test</b>	<ul style="list-style-type: none"> <li>At least 80% of the value of the assets of the REIT must consist of real estate in permanent residential use.</li> <li>Must always invest at least three fifths of its assets in properties located in countries within the EEA or in real estate securities related to such properties.</li> <li>May invest up to one fifth of the assets in construction and property development activities. When certain requirements are fulfilled the limit can be increased up to three fourth of the assets."</li> </ul>
<b>Distribution requirements</b>	Must distribute annually at least 90 % of the profit for the fiscal year excluding unrealized value changes.
<b>Other aspects</b>	The concept of a trust, as recognized under some law jurisdictions, lacks a corresponding legal basis within the law of Finland. REIT itself is not a separate legal entity, but is a form of collective ownership arrangement. <ul style="list-style-type: none"> <li>Limited Partnership (Kommandiittiyhtiö) is also a possible legal form for REIT, but this guide covers Limited company, because it corresponds the best with the principles of REIT.</li> </ul>

TAX REGULATIONS	
Concept	Comment
<b>Tax treatment at REIT's level</b>	
<b>CIT treatment</b>	<p>The REIT is subject to Finnish Corporate Income Tax at a 0% rate. With the following exceptions / sanctions:</p> <ul style="list-style-type: none"> <li>• If over 10 % of its housing assets are sold during the tax year, it must pay normal the corporate tax rate on these excess sales.</li> <li>• If a shareholder owns at 10 % or more of share capital on the dividend record date, the company must pay normal corporate tax rate on the portion of the dividend distributed to the shareholder.</li> <li>• If less than 80 percent of the income for the tax year comes from rents of residential apartments as meant in the regulation, the tax authority can impose a sanction on a fund, which is 20 % of the amount by which the rental income falls below 80 percent of all income.</li> </ul>
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	<p>Resident investors: a general withholding tax of 25,5 % will be applied to the distributed dividends.</p> <ul style="list-style-type: none"> <li>• Non-resident investors: the internal regulations set a withholding tax rate of 30%. However, the Treaty between Finland and the country of residence of the investor shall be analysed for lower rates.</li> <li>• Corporate investors: General withholding tax is 0 %.</li> </ul>
<b>Resident investors</b>	<p>Individual investors: The amount of tax on dividends is either 25.5% or 28.9% determined by personal tax conditions. The profit from sale of the shares is subject to Capital income regulations.</p> <ul style="list-style-type: none"> <li>• Corporate investors The capital gains tax of 20% is paid on the portion of profit exceeding the acquisition cost.</li> </ul>
<b>Non-resident investors</b>	Taxation is subject to the terms of the tax treaty between the investor's country of residence and Finland.



# GERMANY

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Stock Corporation (Aktiengesellschaft "AG")
<b>Company name</b>	The abbreviation "REIT-AG." or "REIT-Aktiengesellschaft" must be included.
<b>Minimal capital share</b>	15 million Euro
<b>External debt limitations</b>	There is no maximum threshold for external debt.
<b>Listing requirements</b>	REIT-AG must (a) be listed on a regulated market in Germany, a member state of the EU, the European Economic Area; (b)
<b>Restrictions on investors</b>	Investors are not allowed to directly hold more than 10 percent of the stocks.
<b>Activity test</b>	The corporate purpose of the REIT-AG must be based on the following: (1) The acquisition, holding, management and sale of urban real estate for rent and lease, including the refurbishment of buildings; (2) The acquisition, holding, management and sale of shares in property partnerships (3) The acquisition, holding, management and sale of shares in REIT-service entities (4) The acquisition, holding, management and sale of shares in General Partner companies, which do not hold an interest in the partnership
<b>Asset test</b>	(1) The value of the assets minus the distribution obligation must consist of at least 75 percent of real estate property and the assets belonging to the assets of REIT service companies to be included in the consolidated financial statements of the REIT stock corporation may not exceed 20 percent at the end of each financial year; (2) at least 75 percent of revenue plus other income from immovable assets in a financial year must come from renting, leasing, letting including real estate-related activities or the sale of immovable assets, and the sum of sales revenue plus other income from immovable assets in a financial year of REIT service companies to be included in the consolidated financial statements of the REIT stock corporation may not exceed 20 percent."
<b>Restrictions on foreign assets</b>	No restrictions are applicable
<b>Distribution requirements</b>	REIT-AG's must distribute at least 90% of the profits to the shareholders
<b>Other aspects</b>	(1) At least 15 percent of the shares of a non-listed REIT-AG must be in free float (2) At least 25 percent of the shares of a listed REIT-AG must be in free float (3) The REIT stock corporation may not trade in its immovable assets (4) The equity of the REIT stock corporation reported at the end of a financial year in the individual or consolidated financial statements may not be less than 45% of the amount at which the immovable assets are recognized in the individual or consolidated financial statements (5) The REIT stock corporation must have its registered office and management in Germany.

TAX REGULATIONS	
Concept	Comment
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	As long as requirements for the REIT-AG is met, the company is exempt from corporate income tax liability and trade tax liability
<b>Indirect taxes treatment</b>	N/A
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	Withholding tax of 25 percent will be retained
<b>Resident investors</b>	<ul style="list-style-type: none"> <li>Individual investors: dividends earned from REIT-AG shares are subject to the capital gains tax of 25 percent</li> <li>Corporate investors: dividends earned from REIT-AG shares are subject to the capital gains tax of 25 percent</li> </ul>
<b>Non-resident investors</b>	Dividends and capital gains are subject to general rules for non-residents and to the provisions of the applicable tax conventions.



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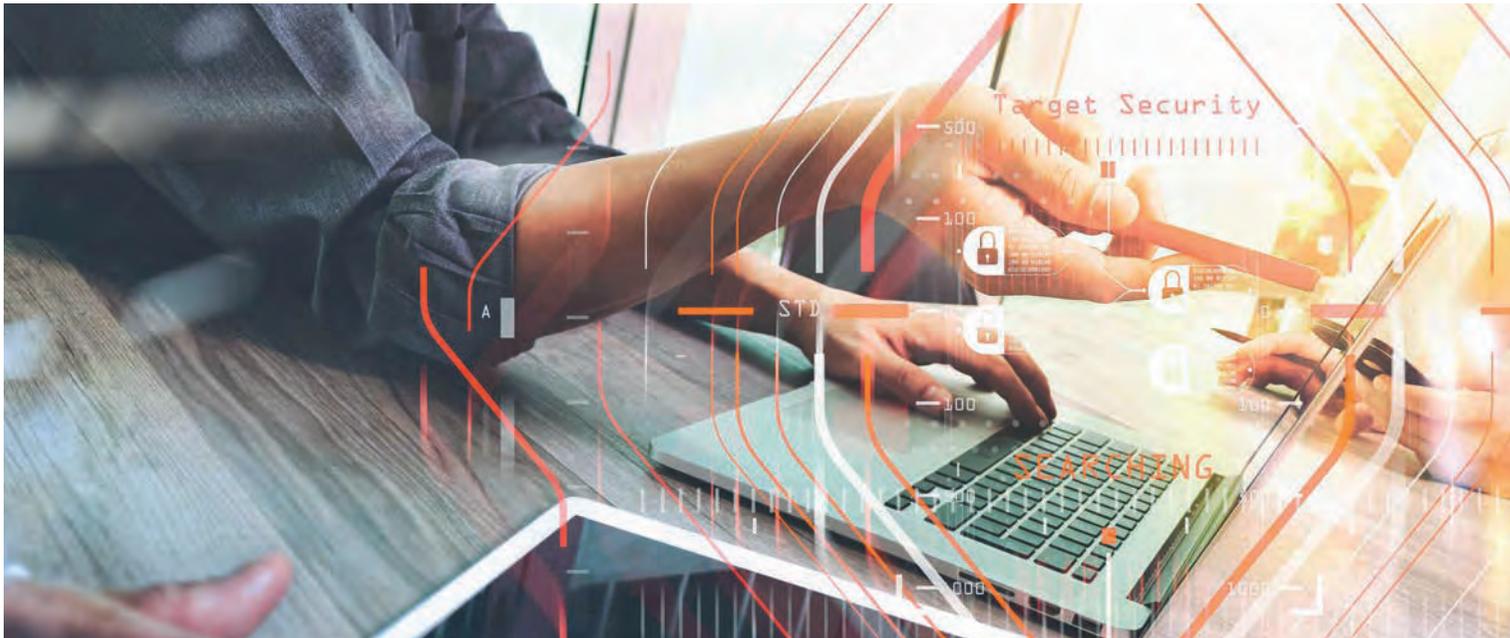
## GREECE

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	The real estate investment company (AEEAP) is an anonymous company with the sole purpose of acquiring and managing real estate.
<b>Company name</b>	Real estate investment company (AEEAP).
<b>Minimal capital share</b>	The share capital of AEEAP has a minimum amount of twenty-five million (25,000,000) euros which is fully payable upon its establishment.
<b>External debt limitations</b>	AEEAP is permitted to obtain loans and credit facilities that will not exceed 75% of its assets. AEEAP may enter into loans and receive credits for the acquisition of real estate that it will use for its operational needs, as long as the amount of loans and credits, in their entirety, does not exceed 10% of the value of the total AEEAP's Equity less the total amount invested in real estate. On top AEEAP could obtain loans and credit facilities for the acquisition of its properties for operating purposes up to 10% of total Equity by deducting the investments in properties.
<b>Listing requirements</b>	AEEAP must be listed on a regulated market in Greece within 2 years of its establishment date. A possible extension by 24 months by Capital Markets. If the shares are not listed within the prescribed period, its license is revoked. At the date of listing, the Company's share capital must be invested at least 50% in real estate.
<b>Restrictions on investors</b>	Before the entry of AEEAP's shares into a regulated market, an investor with a participation directly or indirectly, that exceeds the limits of 10%, 20%, 33.3%, 50% and 66.6%, is obliged to announce, at least one month in advance, his intention to the Capital Market and to provide it, with all the necessary information to be approved.
<b>Activity test</b>	AEEAP's funds are invested exclusively in: a) Real estate, as well as rights, shares or shares in real estate properties, at least 80% of its total assets. b) Cash Deposits and money market instruments. c) Movable and immovable properties that serve the operational needs of AEEAP (in total they are not allowed to exceed 10% of its assets on acquisition)



<b>Asset test</b>	<p>AEEAP could also invest in:</p> <p>a) Real estate leasing</p> <p>b) surface rights, as well as long-term (minimum 20 years) leases and/or concessions for the use or commercial exploitation of real estate and/or</p> <p>c) claims for the acquisition of property, as well as rights, shares in property</p> <p>d) at least 80% of the shares of a company, excluding personal companies, with the sole purpose of exploiting real estate, the entire capital of which is invested in real estate and/or real estate rights and/or claims,</p> <p>e) at least 80% of the shares of a holding company, which invests exclusively in case d' companies, or</p> <p>f) at least 10% of the shares of a company or organization of case g', excluding personal companies,</p> <p>g) At least 80% of the shares:</p> <p>(aa) Mutual funds provided that they invest their assets, exclusively or mainly, in securities of real estate investment companies or real estate management and exploitation companies,</p> <p>(bb) real estate investment companies (AEEAP)</p> <p>(cc) alternative investment organizations</p>
<b>Restrictions on foreign assets</b>	No restrictions are applicable to properties located in Greece or in another member state of the EU and the European Economic Area, provided that they meet the requirements set for Greek assets. In case that the properties are located in third Country, then these properties as a whole, could not exceed in value 20% of the total investments of the company in real estate.
<b>Distribution requirements</b>	AEEAP is obliged to distribute annually to its shareholders at least 50% of its annual net distributable profits. Gains related to capital gains from the sale of real estate are not included in the distribution. The distribution of a lower percentage or non distribution is allowed, upon certain restrictions from General Assembly.
<b>Other aspects</b>	N/A
<b>TAX REGULATIONS</b>	
<b>Concept</b>	<b>Comment</b>
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	<ol style="list-style-type: none"> <li>Shares issued by a real estate investment company, as well as the transfer of real estate to it, are exempt from all taxes, duties, stamp duty, levy, etc. The exemption does not include income tax on the capital gain arising from the contribution in property. Real estate transfers by the real estate investment company are subject to real estate transfer tax at the applicable rate.</li> <li>Real estate investment companies are exempt from income tax on income from securities generally domestic or foreign except for domestic dividends, which they acquire not subject to withholding tax. Especially for the interest on bond loans, the exemption applies provided that the securities from which this interest is derived have been acquired at least thirty (30) days before the time set for the redemption of the coupons.</li> <li>Real estate investment companies are required to pay a tax whose rate is set at ten percent (10%) on the current strong intervention rate of the Central Bank increased by one (1) percentage point calculated on the average term of their investments, plus reserves, at current prices, as depicted in the investment tables provided.</li> <li>The capital gain from the transfer of shares of real estate investment companies, not listed on the Athens Stock Exchange, is exempt from income tax.</li> </ol>

<b>Indirect taxes treatment</b>	N/A
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	No withholding tax is imposed on dividends.
<b>Resident investors</b>	Shareholders are exempt from dividend tax.
<b>Non-resident investors</b>	Shareholders are exempt from dividend tax.



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## INDIA

Particulars	SEBI (REIT) Regulations, 2014
<b>Governing Code</b>	SEBI (Real Estate Investment Trusts) Regulations, 2014
<b>Legal Structure</b>	Trust set up under Indian Trusts Act, 1882
<b>Parties to the REITs</b>	Sponsor Group, Re-designated Sponsor, Manager, and Trustee
<b>Maximum number of sponsors</b>	Each sponsor shall hold or propose to hold a minimum of 5% of units of REITs. Collectively, they should hold a minimum of 25% of the units of the REIT for a period of not less than 3 years from the date of listing.
<b>Eligibility for Trustee</b>	Shall be registered as a Trustee under SEBI (Debenture Trustee) Regulations, 1993, and shall not be an associate of Sponsor/Manager.
<b>Listing requirement</b>	Listing is mandatory for Units
<b>Investment conditions</b>	At least 80% of the value of the REIT assets needs to be in completed and revenue-generating properties
<b>Other Permissible Investments</b>	<p>Remaining 20% can be invested in:</p> <ul style="list-style-type: none"> <li>a) Developmental properties</li> <li>b) Listed or unlisted debt of companies/body corporate in the real estate sector</li> <li>c) Mortgage-backed securities</li> <li>d) Equity shares of companies listed on a recognized stock exchange in India deriving at least 75% of their operating income from real estate activity</li> <li>e) Government securities</li> <li>f) Unutilized FSI of a project</li> <li>g) TDR acquired for the purpose of utilization</li> <li>h) Money market instruments or cash equivalents</li> </ul>
<b>Valuation of assets</b>	Full valuation on a yearly basis and updating the same on a half-yearly basis, declaring NAV within 15 days from the date of valuation/update.
<b>Distribution of Income</b>	At least 90% of the net distributable income after tax of the REIT/Holdco shall be distributed as dividends to the unit holders at least on a half-yearly basis, to be made not later than fifteen days.
<b>Mode of Investment in properties</b>	<ul style="list-style-type: none"> <li>• Directly or through SPVs, holding at least 80% of their assets directly in such properties and not investing in other SPVs.</li> <li>• The REIT shall hold controlling interest and not less than 50% of the equity share capital of the Special Purpose Vehicle.</li> </ul>

<b>Minimum Subscription and unit size</b>	<ul style="list-style-type: none"> <li>Under both the initial offer and follow-on offer, rights issue, QIP, the minimum subscription size shall be in the range of 10,000 to 15,000 units.</li> <li>The units offered to the public in the initial offer shall not be less than 25% of the number of units of the REIT on a post-issue basis. It can be less than 25% subject to certain conditions.</li> <li>Trading lot shall be 1 unit.</li> </ul>
<b>Borrowings and Deferred payments</b>	<ul style="list-style-type: none"> <li>The aggregate consolidated borrowings and deferred payments of the REIT shall never exceed 49% of the value of the REIT assets.</li> <li>In case such borrowings/deferred payments exceed 25%, approval from unit holders and credit rating shall be required.</li> </ul>
<b>Initial offer restrictions</b>	<ul style="list-style-type: none"> <li>Minimum offer size should be at least Rs. 250 crore.</li> <li>Value of Assets by REIT shall be at least Rs. 500 crores.</li> <li>Minimum Number of Unit holders other than sponsor(s), its related parties, and its associates forming part of the public shall be at least 200.</li> </ul>
<b>Tax Regulations</b>	
<b>Nature of income</b>	<b>Tax treatment</b>
<b><u>Sponser</u></b> Conversion of Shares & Debentures of SPV into Units of Business Trust Sale of Units of Business Trust to Institutions / Retails Investors over the stock market	It will not be considered as transfer as per Section 47(xvii)  Taxable under the head Capital Gain Holding Period: Holding period is to be considered from date of purchase of shares Cost: Cost of the shares will be considered as cost of units
<b><u>Special purpose vehicles (SPVs)</u></b> Profits from Investment in Real Estate/ Infrastructure Projects Rental income or Capital appreciations from Investment in Real Estate / Infrastructure Projects	Taxed as Business Income  Taxed as HP Income Taxed as CG Income SPVs has to pay tax @ 25% + surcharge and cess or the concessional rate of 22% + surcharge and cess if opted for lower tax regime (Sec 115BAA). It may get Sec 80IA and other tax reliefs.

<p><b>Business trusts</b> Income from SPVs by way of:</p> <p>Dividend</p> <p>Interest</p> <p>Amortisation of debt/ Repayment of Loan</p> <p>Rental income from any real estate asset owned directly</p> <p>Capital gain on sale of shares of SPVs or any real estate asset owned directly</p> <p>Miscellaneous Income like Bank Deposit Interest, Money Market Fund Income, etc.</p>	<p>Exempt u/s 10(23FC)</p> <p>Exempt u/s 10(23FC)</p> <p>It is not taxable as the amount is not in the nature of income</p> <p>Exempt u/s 10(23FCA)</p> <p>Taxable at applicable rates</p> <p>Taxable at MMR</p>
<p><b>Investors</b> Income from Business trust by way of:</p> <p>Rent</p> <p>Dividend</p> <p>Interest</p> <p>Amortisation of debt/ Repayment of Loan</p> <p>Any other income</p> <p>Capital Gain on Sale of Units of Business Trust</p>	<p>Taxable at applicable rates</p> <p>If SPVs has opted for lower tax regime: Taxable at applicable rates If SPVs has not opted for lower tax regime: Exempt u/s 10(23FD)</p> <p>Taxable at applicable rates</p> <p>w.e.f. FY 2023-24: Taxable u/s 56(2)(xii) as IFOS</p> <p>Exempt u/s 10(23FD)</p> <p>Taxed as capital gain income</p>

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# ISRAEL

LEGAL REGULATIONS	
Concept	Comment
Legal form	A company type corporation
Company name	Real estate fund
Minimal capital share	No limitation
External debt limitations	Leverage is limited to 60%
Listing requirements	The fund can own and manage profitable real estate in Israel and/or abroad. The fund can be listed on the stock exchange.
Restrictions on investors	According to the principle of investor dispersion according to which the holding of 50% or more of the means of controlling it, will be in the hands of more than five shareholders. There are no restrictions on foreign investors.
Activity test	The REIT fund in Israel is required to distribute the profits to the shareholders every year. That is, you invest in the fund's shares for direct investment in profitable real estate assets. Therefore, just as real estate owners are entitled to a return from the rent on an ongoing basis, so are the investors in the REIT funds entitled to an ongoing return from the fund's real estate
Asset test	There are two main types of REIT funds: the first, funds that deal with financial financing in the field of real estate, for example the purchase of mortgage loan portfolios from banks or insurance companies when the collateral for the loan is the real estate. The second main type is REIT funds that are traded on the stock exchange, where the general public can participate in large, low-cost, high-yielding real estate projects.
Restrictions on foreign assets	No limitation
Distribution requirements	The REIT fund in Israel must distribute every year 90% of its profits as a dividend to shareholders from current profits, and 100% from the sale of assets (within one year of the sale).
Other aspects	N/A
TAX REGULATIONS	
Concept	Comment
Tax treatment at REIT's level	
CIT and Trade Tax treatment	The idea that underlies the taxation applied to a real estate fund is the principle of outlook. This principle states that the investor, that is, the shareholder in the fund, is considered as if he invested directly in the real estate assets belonging to the REIT fund, therefore the tax calculation is based on the taxable income, including the appreciation of the real estate (capital gain), which the fund distributed to the shareholders. Therefore, the taxation is one-stage only for the shareholders, and not two-stage as in ordinary companies that distribute their dividends.
Indirect taxes treatment	The shareholders in the fund must pay tax only for the taxable income, if the fund accumulates losses they will not be attributed to the shareholders and in practice the losses are transferred to the following years to offset them at the fund level and according to the order. The transparency applies to the income that was actually distributed to the fund's shareholders.

**Tax treatment at investor's level**

<b>Withholding tax</b>	Obligation to withhold as usual for ordinary companies, and according to the source of income in the fund.
<b>Resident investors</b>	Taxation of profits will be based on the source of income from which the profit was made. For example, the tax on profit from the sale of real estate will be 25% (capital gain tax), while the tax on rental profit should range between 30%-48%
<b>Non-resident investors</b>	The tax rates owed by foreign residents are the same as local residents. The real taxation of foreign residents is sometimes higher than local residents because they are not entitled to certain tax benefits that residents of the country have. This is subject to the provisions of the treaty between Israel and the investor's country, which prevail over the provisions of the local law,



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## PARAGUAY

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Anonimous Corporation ("Sociedad Anónima" - S.A.)
<b>Company name</b>	The trust business that involves the transfer of ownership of the trust assets will be called a trust; Otherwise, it will be called a fiduciary assignment.
<b>Minimal capital share</b>	The minimum capital for the year 2024 is Gs. 33,915,000,000 which in euros would be EU 4,299,023
<b>External debt limitations</b>	There is no limit on debt
<b>Listing requirements</b>	They must be registered with the Superintendency of Banks and the Superintendence of Securities (Former National Securities Commission).
<b>Restrictions on investors</b>	There are no specific restrictions for investors. The fiduciary must disclose in an adequate and timely manner to its potential clients and users the scope of its participation in the real estate projects to which they are linked under different modalities, since their participation involves the trust of the people who are part of them, Call them buyers, land owners, builders, suppliers, credit establishments, etc., for whom, as a general rule, the presence of the trust company within the project is decisive for their participation or contracting.



### Activity test

This type of trust business can be developed fundamentally in two ways, namely:

- a) At a fixed price, in which case the trustor fully assumes the risk derived from the discrepancies that arise in the cost budgets.
- b) At cost, case in which third parties interested in acquiring a property resulting from the construction assume the risk derived from the discrepancies that arise in the cost budgets.

Likewise, this type of trust business can present the following modalities, among others:

- a) Administration and payments: It is the trust business by virtue of which a real estate property is transferred to the trust entity, without prejudice to the transfer or not of other goods or resources, so that it manages the real estate project, makes the payments associated with it, its development in accordance with the instructions indicated in the founding act and transfer the built units to those who are beneficiaries of the respective contract. In developing this business, the trust entity may assume the obligation to carry out the deed of the units resulting from the real estate project.
- b) Treasury: It is the trust business whose main purpose is to entrust the trust entity with the investment and administration of cash resources destined for the execution of a real estate project.
- c) Pre-sales: It is the fiduciary business that entails for the fiduciary entity as its main obligation, to collect the money from the promotion and acquisition of interested parties in acquiring properties within a real estate project. In this case, the trust entity receives the resources as a linking mechanism to a specific real estate project and manages and invests them while the conditions established to be used for the development of the real estate project are met.



<p><b>Asset test</b></p>	<p>Fiduciary entities, when deciding whether or not to enter into the trust business, must evaluate, value and verify the following aspects, among others:</p> <ul style="list-style-type: none"> <li>a) That the land on which the project is going to be developed has been definitively acquired or provided and with all the formalities required by law for this type of negotiations.</li> <li>b) That the tradition of the property does not present legal problems that could hinder or prevent the transfer of ownership of the resulting real estate units to future buyers.</li> <li>c) That the value of the property being transferred is duly determined, for which purpose an appraisal of recognized technical value must be carried out by a specialized person without any kind of connection with the trustor and the trustee.</li> <li>d) That there are technical, economic and legal studies of the real estate project to be developed, such as, for example, architectural plans, engineering studies, financing conditions, estimated value of the project, property titles, etc.</li> <li>e) That the value of the corresponding architectural and technical plans that are the subject of transfer is duly determined; The valuation will be agreed upon between the trustor and the trustee, based on the report carried out by a professional with no connection of any kind with the trustor and the trustee.</li> <li>f) That there is no deviation of the resources obtained for financing the project.</li> <li>g) That the financial balance point established by the trustor or participant does not compromise the viability of the project.</li> <li>h) That the technical and legal conditions are met for the project to be completed, before allowing the builders to have the resources of future buyers.</li> <li>i) That the construction licenses and permits necessary for the development of the work are in accordance with the pertinent legal requirements.</li> <li>j) That the builder or promoter of the project meets minimum levels of solvency, technical, administrative and financial capacity, in accordance with the magnitude of the project.</li> <li>k) That there is certainty about obtaining the credits essential for the execution of the work.</li> </ul>
<p><b>Restrictions on foreign assets</b></p>	<p>No restrictions</p>
<p><b>Distribution requirements</b></p>	<p>N/A</p>

**Other aspects**

- a) The fiduciary must disclose in an appropriate and timely manner to its potential clients and users the scope of its participation in the real estate projects to which it is linked under different modalities, since its participation involves the trust of the people who are part of the themselves, called buyers, land owners, builders, suppliers, credit institutions, etc., for whom, as a general rule, the presence of the trust company within the project is decisive for their participation or contracting.
- b) The execution or material development phase of the construction project cannot begin until its financing is duly guaranteed.
- c) To finance construction, the securitization mechanism may be used to issue participation certificates or debt securities or credit securities. If participation certificates are issued, investors will participate in the construction project as a whole and their profitability will be derived from the appreciation of the property, the disposal of the construction units or, in general, the profit obtained in the development of the project. The fiduciary entities will ensure that the money coming from the placement on the market of the securities issued with charge to the autonomous assets are effectively allocated to the development of the construction project, arranging the disbursements to the builder in accordance with the work schedule and managing the surpluses. temporary securities with adequate profitability, liquidity and security. Likewise, they will ensure that the total cost budget of the construction project, including the costs inherent to the securitization process, are not underestimated or overestimated. The securitization processes discussed in this article will be subject to the other rules established in this resolution for the securitization processes of properties to be built.
- d) Likewise, the financing of the project may come from a Bank or a Financial Company or the Development Financial Agency, in which case said financing will be understood to be guaranteed with proof of the approval of the respective credit. However, to grant it, the credit establishment must obtain and analyze the information regarding the respective construction project and the guarantee, based on a technically suitable methodology that allows projecting the foreseeable evolution of both the price of the property and the income. of the autonomous assets, so that it can reasonably be concluded that the credit throughout its life will be punctually attended to and will be sufficiently guaranteed. The credits in question here may be disbursed as the works progress.
- e) The credit granted to the autonomous estate or to the builder to finance the construction phase may be subrogated to the purchaser of the unit resulting from the construction process, so that in a single operation the mutual agreement duly approved to the subrogee is formalized when applicable. , the mortgage on the individually financed asset and the lifting of the larger mortgage in favor of the supervised entity, when the credit to finance the construction is guaranteed with a mortgage.
- Additionally, in the credit contract signed between the financial institution and the autonomous estate or the builder, a special clause must be stipulated in which it is specified that the larger mortgage that affects the property will be canceled proportionally as the assets are disposed of. housing units and the payment of the corresponding prorata has been received.
- f) The auditor or supervisor of the project works may not be employed or linked to the trust entity nor have prepared the corresponding plans, designs or studies and must have the status of architect or engineer.
- g) In all advertising programs or campaigns through which real estate trust businesses or the administration of real estate projects are promoted, as well as in the stationery used for such purposes, the management to be developed must be expressly and prominently reported. by the trustee. Under this understanding, in the dissemination of its advertising programs, under any modality, the trustee is responsible, among other things:
1. Explain clearly what type of management the entity will develop in the project, that is, whether the project's treasury management will be carried out, the monitoring of all stages of the work, the investment of the resources that enter the project. trust, and other concepts of this type of trust, so that for the adherent, investor or beneficiary, the parameters within which the trustee's activity will be carried out are clear and unequivocal.
  2. At the points of sale of real estate projects, easily visible signs or posters must be displayed to the public where the operation of the trust and the role played by the trustee within the project are explained in a simple way.

TAX REGULATIONS	
Concept	Comment
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	It is subject to the payment of Income Tax of 10% on Net Taxable Income, and for billings at a VAT rate of 10% in general. If the billings correspond to the properties managed by the Trust, for these disposals the VAT rate is 5% on a tax base of 30% of the amount of the operations. Finally, there is the Profit Distribution Tax with a rate of 8% and if the shareholders are Non-Residents the rate rises to 15%.
<b>Indirect taxes treatment</b>	N/A
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	Resident investors retain 8% of the amounts credited and 15% for non-residents.
<b>Resident investors</b>	Investors for the dividends received are not subject to Personal Income Tax, they will only be subject to this tax if they decide to sell their participations (shares, installments, etc.), the tax rate ranges from 8% to 10% depending on the amount. of your income
<b>Non-resident investors</b>	In the case of Non-Resident investors, it is the same situation as the previous point with the exception that for NON-Residents the payment of the tax is made directly via withholding.



## PORTUGAL

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Limited liability companies - according to article 3, paragraph a) of Decree-Law no. 19/2019
<b>Company name</b>	Sociedade de Investimento e Gestão Imobiliária, S. A.» or «SIGI, S. A. - according to article 3, paragraph e) of Decree-Law no. 19/2019
<b>Minimal capital share</b>	Minimum amount of (euro) 5,000,000, represented by ordinary shares- according to article 3, paragraph c) of Decree-Law no. 19/2019
<b>External debt limitations</b>	SIGI's indebtedness cannot correspond, at any time, to over 60% of the value of SIGI's total assets - according article 8, no. 4 of Decree-Law no. 19/2019
<b>Listing requirements</b>	The shares representing the entire share capital of SIGI must, within one year of the registration of their constitution or the effective date of the conversions, be admitted to trading on a regulated market or selected for trading on a multilateral trading facility located or operating in Portugal or in another member state of the European Union or the European Economic Area - according article 9, no.1 of Decree-Law no. 19/2019. Failing the time limit to apply for admission to a regulated market or selection for trading on a multilateral trading facility will result in the loss of SIGI status, according article 11, no. 1, paragraph f) of Decree-Law no. 19/2019
<b>Restrictions on investors</b>	Provision for minimum dispersion limits by investors holding stakes corresponding to less than 2% of the voting rights: a) 20% from the end of the third complete calendar year after admission or selection for trading of SIGI shares on a trading platform; b) 25% from the end of the fifth complete calendar year after admission or selection for trading of SIGI shares on one of the trading platforms -according article 9, no. 2 of Decree-Law no. 19/2019 "
<b>Activity test</b>	SIGI's corporate purpose includes: a) The acquisition of property rights, land rights or other rights with equivalent content over real estate, for rental, including atypical contractual forms that include the provision of services necessary for the use of the property; b) The acquisition of shareholdings in other SIGIs, or in companies with head offices in Portugal or in another Member State of the European Union or of the European Economic Area which is bound by administrative cooperation in the field of taxation equivalent to that established within the European Union, which cumulatively fulfill the following requirements: i) Have a corporate object equivalent to that of SIGIs; ii) The composition of their assets complies with the limits established for the composition of SIGI assets; iii) Have share capital fully represented by registered shares; iv) Are submitted to a legal regime similar to that established for SIGIs with regard to the distribution of profits; c) The acquisition of participation units or shares of: i) Real estate investment undertakings whose income distribution policy is similar to that established for SIGIs; ii) Real estate investment funds for residential rental and real estate investment companies for residential rental whose income distribution policy is similar to that established for SIGIs - according article 7, n.º 1 of Decree-Law no. 19/2019;

<b>Asset test</b>	<p>SIGI's assets must consist mainly of property rights, land rights or other rights of equivalent content over real estate, for rental, including atypical contractual forms that include the provision of services necessary for the use of the real estate, respecting the following cumulative limits:</p> <p>a) The value of rights over real estate and holdings must represent at least 80% of the total value of SIGI's assets;</p> <p>b) The value of rights to real estate for rental, including atypical contractual forms that include services necessary for the use of the property, must represent at least 75% of the total value of SIGI's assets - according article 8, no. 1 of Decree-Law no. 19/2019. The asset composition requirements must be met at all times from the second year after the SIGI's constitution - according article 8, no. 2 of Decree-Law no. 19/2019.</p>
<b>Restrictions on foreign assets</b>	No restrictions are applicable
<b>Distribution requirements</b>	<p>Within nine months of the end of each financial year, SIGIs must distribute, in the form of dividends, at least:</p> <p>a) 90 % of the profits for the financial year resulting from the payment of dividends and income from shares or units distributed by other SIGIs or other companies in which SIGIs have holdigns (real estate investment organizations, real estate investment funds and real estate investment companies for residential rental).</p> <p>b) 75% of the remaining profits for the year distributable in accordance with the Commercial Company Code.</p> <p>At least 75% of the net profit from the sale of assets must be reinvested in other assets intended to pursue SIGI's corporate object within three years of the sale - according article 10 of Decree-Law no. 19/2019.</p> <p>SIGI's legal reserve may not exceed 20% of the share capital, and the creation of other unavailable reserves is not permitted.</p>
<b>Other aspects</b>	<p>SIGIs can be constituted with or without a public subscription; Deferral of the capital contribution is not permitted; The constitution of the SIGI does not depend on the constitutive assembly, and the members of the SIGI's governing boards are designated in the articles of association; It is possible for public limited companies and real estate investment organizations in corporate form to convert into SIGIs, as long as comply with the legal requirements of Decree-Law no. 19/2019.</p>
<b>TAX REGULATIONS</b>	
<b>Concept</b>	<b>Comment</b>
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	<p>The tax regime for collective investment undertakings applies to SIGIs. In this sense, SIGI is subject to the general corporate income tax regime, at a rate of 21% of its taxable profit, however, the income from capital, property and capital gains are excluded from the determination of SIGI's taxable profit in taxation under Corporate Income Tax.</p> <p>Income from the onerous disposal of real estate can only benefit from the exclusion from taxation if it has been held for rent by the SIGI for at least three years. In the event of loss of SIGI status, the profit obtained will be taxed under the general terms of the Corporate Income Tax Code - according article 11.º-A of Decree-Law no. 19/2019.</p>
<b>Indirect taxes treatment</b>	<p>SIGIs are taxed under Stamp Duty at a three-monthly rate of 0.0125% on the total value of their net assets. Regarding the taxation of real estate, namely Real Estate Transfer Tax and Municipal Property Tax, there is no exception regime.</p>

Tax treatment at investor's level	
<b>Withholding tax</b>	Application of withholding tax rates, both on the distribution of income made by SIGI and on capital gains from the sale of the respective shares. Income from shares held in SIGI is considered income from real estate for tax purposes. The tax regime differs depending on whether the shareholders are individuals or companies.
<b>Resident investors</b>	On the distribution of dividends, individual shareholders are subject to Personal Income Tax (IRS) at a rate of 28%, while corporate shareholders are subject to Corporate Income Tax (IRC) at a rate of 25%. As far as capital gains, individuals are charged Personal Income Tax (IRS) at the rate of 28%, while corporate entities are charged Corporate Income Tax (IRC) at the rate of 21%. If the necessary requirements are fulfilled, the Participation Exemption regime can apply to both dividend distributions and capital gains when shares are sold.
<b>Non-resident investors</b>	Income from shareholdings held by non-residents in Portuguese territory who do not have a permanent establishment in Portuguese territory will be taxed on the distribution of dividends at a rate of 10%, while capital gains will be taxed at 10%.



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## ROMANIA

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	limited liability company - SRL
<b>Company name</b>	Special Investment Purpose Company
<b>Minimal capital share</b>	minimum 10 RON, to be represented by materialised shares.
<b>External debt limitations</b>	There is no maximum threshold for external debt.
<b>Listing requirements</b>	no listing requirements
<b>Restrictions on investors</b>	There are no restrictions on investors
<b>Activity test</b>	The corporate purpose of the real estate SRL must be based on the following: <ul style="list-style-type: none"> <li>purchase of real estate and rights in rem over real estate, carrying out constructions and improvements for the purpose of making them available for management, renting or leasing and selling them;</li> </ul>
<b>Asset test</b>	100% of the value of the assets of the SRL investing in real estate properties shall be as a result of the SRL activity. - 100% of the gross income for the relevant year of the SIPC investing in real estate properties shall be as a result of its activity. The real estate properties shall be located in Bulgaria or in a country-member of the EU.
<b>Restrictions on foreign assets</b>	The SRL can acquire real estate on the territory of another member state only if this is provided for in the company's statutes and in the prospectus for public offering of securities.
<b>Distribution requirements</b>	SRL distributes as an annual dividend not less than 90% of the profit for the financial year. SRL can pay a 3-month dividend under certain conditions.
<b>Other aspects</b>	N/A
TAX REGULATIONS	
Concept	Comment
Tax treatment at REIT's level	
<b>CIT and Trade Tax treatment</b>	The SRL is subject to Romanian Corporate Income Tax at a 3% rate if the turnover is under 500k Euro, 16% if the turnover is more than 500K Euro.
<b>Indirect taxes treatment</b>	Romanian local real estate tax transfer varies between 0.5 per cent and 3.0 per cent and is determined annually by the municipal council of each municipality.

**Tax treatment at investor's level**

<b>Withholding tax</b>	<ul style="list-style-type: none"> <li>Resident investors: a general withholding tax of 8% will be applied to the distributed dividends.</li> <li>Non-resident investors: the internal regulations set a withholding tax rate for dividends of 8%. However, the Treaty between Romania and the country of residence of the investor shall be analysed for different rates.</li> </ul>
<b>Resident investors</b>	<ul style="list-style-type: none"> <li>Individual investors: dividends earned from SRLs shares are subject to the Personal Income Tax regulations, with no applicable tax exemptions. Capital gains derived from the sale of the shares will also be subject to the Personal Income Tax regulations.</li> <li>Corporate investors: capital gains derived from the participation in the capital of a SRL will be taxed under the general tax rate of 10%.</li> </ul>
<b>Non-resident investors</b>	Dividends and capital gains are subject to general rules for non-residents and to the provisions of the applicable tax conventions. In Romania capital gains are subject to 10% tax



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## SERBIA

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Stock Company ("Akcionarsko drustvo" - A.D.)
<b>Company name</b>	The abbreviation "društvo za upravljanje investicionim fondom." must be included.
<b>Minimal capital share</b>	125 thousand Euro for open fund 200 thousand euro for closed fund 50 thousande euro for private fund, all to be represented by a single class of shares.
<b>External debt limitations</b>	Up to 10% of the assets of the fund.
<b>Listing requirements</b>	AD's must be listed on regulated market in Serbia - central registry of stock company entities (CRHOV)
<b>Restrictions on investors</b>	Up to 10% of the assets of the investment fund can be invested in transferable securities and money market instruments issued by a single issuer. The sum of individual values of investments in transferable securities and money market instruments issued by a single issuer, exceeding 5% of the fund's assets, must not exceed 40% of the total value of the fund's assets. Up to 20% of the assets of the investment fund can be invested in cash deposits in one bank or credit institution. Up to 10% of the assets of the investment fund can be invested in derivative financial instruments traded on the OTC market when the counterparty in the transaction is a bank or credit institution, or up to 5% of the fund's assets when the counterparty is another legal entity. Up to 20% of the assets of the investment fund can be invested in a single fund, with the total value of such investments in investment funds that are not open-end funds not exceeding 30% of the fund's assets.
<b>Activity test</b>	The corporate purpose of the AD's must be based on the following: <ul style="list-style-type: none"> <li>The acquisition and development of urban real estate for lease, including the refurbishment of buildings or as regulated by the Company internal act</li> </ul>
<b>Asset test</b>	Not strictly prescribed by the Law.
<b>Restrictions on foreign assets</b>	No restrictions are applicable, provided that they meet the requirements issued by Serbian regulatory.
<b>Distribution requirements</b>	The open-end fund earns income through interest, dividends, and realized capital gains, and the prospectus must specify the cash-only method of income distribution. (Article 54 of the Law)
<b>Other aspects</b>	Nothing to declare.

TAX REGULATIONS	
Concept	Comment
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	Closed fund which is a legal entity, a fund will be obliged to pay an income tax and then shareholders would again be taxed based on dividends paid which is less convenient compared to direct ownership of real estate which physical entities have. It is essential to enable to real estate funds cancellation of double taxation and define clear terms which should be fulfilled for that kind of convenience.
<b>Indirect taxes treatment</b>	95% rebate on Transfer Tax and Stamp Duty ("Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados").
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	Resident investors: a general withholding tax of 15% will be applied to the distributed dividends Non-resident investors: the internal regulations set a withholding tax rate of 15%. However, the Treaty between Serbia and the country of residence of the investor shall be analysed for lower rates."
<b>Resident investors</b>	Individual investors: dividends earned from Company shares are subject to the Personal Income Tax regulations, with no applicable tax exemptions. Capital gains derived from the sale of the shares will also be subject to the Personal Income Tax regulations. <ul style="list-style-type: none"> <li>Corporate investors: dividends and capital gains derived from the participation in the capital of a Company will be taxed under the general tax rate of 15%.</li> </ul>
<b>Non-resident investors</b>	Dividends and capital gains are subject to general rules for non-residents and to the provisions of the applicable tax conventions.



## SPAIN

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Anonimous Corporation ("Sociedad Anónima" - S.A.)
<b>Company name</b>	The abbreviation "SOCIMI, S.A." must be included.
<b>Minimal capital share</b>	5 million Euro, to be represented by a single class of shares.
<b>External debt limitations</b>	There is no maximum threshold for external debt.
<b>Listing requirements</b>	SOCIMIs must be listed on (a) a regulated market in Spain, a member state of the EU, the European Economic Area or a state with which there is an effective exchange of information or; (b) a Spanish MTF (e.g. BME Growth), a member state of the EU or the European Economic Area.
<b>Restrictions on investors</b>	"The Spanish Stock Exchange requires a certain degree of value dissemination. Therefore, shareholders with less than 5% of the share capital must hold shares in the SOCIMI, which: (i) have an estimated market value of EUR 2 million or, alternatively, (ii) represent 25% of the issued shares. There are no specific restrictions on non-resident investors"
<b>Activity test</b>	The corporate purpose of the SOCIMI must be based on the following: <ul style="list-style-type: none"> <li>• The acquisition and development of urban real estate for lease, including the refurbishment of buildings;</li> <li>• The holding of shares in other SOCIMIs or in other entities not resident in Spain, provided that they have the same corporate purpose as a REIT and are subject to a similar regime in terms of mandatory profit distribution policy;</li> <li>• Holdings in the share capital of other entities, whether resident or non-resident, with the same corporate activity, dividend distribution obligations, asset and income tests as SOCIMIs; and</li> <li>• Holdings of shares or units in Spanish regulated real estate collective investment institutions.</li> </ul>
<b>Asset test</b>	At least 80% of the value of the assets of the SOCIMI must consist of urban real estate intended for lease, land for the development of such real estate, or shares in entities subject to an equivalent tax regime. These investments must be maintained for a period of 3 years (if a property is not leased, the fact that it is offered for lease will count for up to one year). A SOCIMI can own just a single property and the real estate assets can be located in Spain or abroad.
<b>Restrictions on foreign assets</b>	No restrictions are applicable, provided that they meet the requirements set for Spanish assets and that they are located in a jurisdiction with tax information exchange with Spain.
<b>Distribution requirements</b>	SOCIMIs must distribute (a) 100% of the profits from the dividends distributed by the SOCIMIs subsidiaries; (b) at least 50% of the profits from the transfer of real estate and shares of the SOCIMIs subsidiaries; and (c) at least 80% of the remaining profits obtained.

<b>Other aspects</b>	When a REIT (SOCIMI) is the sole shareholder of another REIT (Sub-REIT or Sub-SOCIMI), the requirements relating to the admission to trading of the shares, the minimum share capital and the company name need only be met by the REIT.
<b>TAX REGULATIONS</b>	
<b>Concept</b>	<b>Comment</b>
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	<p>The SOCIMI is subject to Spanish Corporate Income Tax at a 0% rate. With the following exceptions:</p> <ul style="list-style-type: none"> <li>• Standard tax rate (25%), applicable to income derived from investments which do not respect the three year holding period.</li> <li>• Special tax on distributed profits (19%), on the full amount of dividends or shares in profits distributed to shareholders when: (a) the participation in the share capital of the entity is equal to or greater than 5% and, (b) said dividends are exempt or taxed at a rate of less than 10%. This tax will be treated as a corporate income tax liability.</li> <li>• Special tax on undistributed profits (15%), on the amount of the profits obtained in the financial year that is not subject to distribution, to the extent that it derives from income that has not been taxed at the general rate of CIT and is not income subject to the 3-year reinvestment period. This tax will be treated as a corporate income tax liability.</li> </ul>
<b>Indirect taxes treatment</b>	95% rebate on Transfer Tax and Stamp Duty ("Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados").
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	<ul style="list-style-type: none"> <li>• Resident investors: a general withholding tax of 19% will be applied to the distributed dividends.</li> <li>• Non-resident investors: the internal regulations set a withholding tax rate of 19%. However, the Treaty between Spain and the country of residence of the investor shall be analysed for lower rates.</li> </ul>
<b>Resident investors</b>	<ul style="list-style-type: none"> <li>• Individual investors: dividends earned from SOCIMIs shares are subject to the Personal Income Tax regulations, with no applicable tax exemptions. Capital gains derived from the sale of the shares will also be subject to the Personal Income Tax regulations.</li> <li>• Corporate investors: dividends and capital gains derived from the participation in the capital of a SOCIMI will be taxed under the general tax rate of 25%.</li> </ul>
<b>Non-resident investors</b>	Dividends and capital gains are subject to general rules for non-residents and to the provisions of the applicable tax conventions. Capital gains derived from the transfer of shares in a SOCIMI listed in a Spanish official market are tax free in Spain if the investor holds less than 5% of the capital share.

# THAILAND

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Trust with no juristic person status It is regulated under 2 major legislations 1. Trust for Transactions in Capital Market Act B.E. 2550 (2007) 2. Securities and Exchange Act B.E. 2535 (1992)
<b>Company name</b>	The name must reflect its key investment characteristics and policies.
<b>Minimal capital share</b>	The trust must invest in the immovable property not less than 500 million THB
<b>External debt limitations</b>	<ul style="list-style-type: none"> <li>It is limited in the amount not more than 35% of the asset value from financial institutions</li> <li>If it holds an investment-grade credit rating, it can borrow up to 60% of its asset value</li> </ul>
<b>Listing requirements</b>	It is required to be listed in the Stock Exchange Market of Thailand (SET).
<b>Restrictions on investors</b>	<ul style="list-style-type: none"> <li>The percentage of ownership by a single investor cannot exceed 50% of the total units sold or the total units sold in each tranche.</li> <li>No restrictions apply to non-resident investors, provided that they must comply with the Land Code, which states that the percentage of investment must not be more than 49% of the total units sold.</li> </ul>
<b>Activity test</b>	It must invest in the immovable property to generate rental income. However, such business must not be immoral or illegal Investment in immovable property can be conducted in 2 types; 1. Direct investment: To acquire ownership or possession rights over immovable property 2. Indirect investment: To invest in businesses in which it holds not less than 99% of the total shares. That business must have a system designed for monitoring for its standard to be the same as that of REIT
<b>Asset test</b>	<ul style="list-style-type: none"> <li>It must invest at least 75% of the total value of units applied for offering, including any loans, in assets that are ready to generate income.</li> <li>It may invest in Greenfield Projects, but the investment must not exceed 10% of the total asset value of units applied for offerin</li> <li>Assets that are invested can be located in Thailand and abroad."</li> </ul>
<b>Restrictions on foreign assets</b>	<ul style="list-style-type: none"> <li>If the immovable property to be invested is located outside Thailand, due diligence must be conducted whether it is following the Thai applicable legislation</li> <li>Due diligence must include the opinion of a legal advisor who is an expert in local legislations"</li> </ul>
<b>Distribution requirements</b>	It must distribute not less than 90% of the adjusted net profit on the fiscal year. In case of accumulated lost, the fund manager can not distribute returns to unitholders

<b>Other aspects</b>	A trustee can hold 2 types of immovable properties 1. Leasehold property: The right to use an immovable property for a specified period outlined in a lease agreement between the property owner (lessor) and the tenant (lessee) 2. Freehold property: The ownership right over an immovable property
<b>TAX REGULATIONS</b>	
<b>Concept</b>	<b>Comment</b>
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	It is not subject to corporate income tax
<b>Indirect taxes treatment</b>	It is subject to Value Added Tax (VAT) at the rate of 7% It is subject to Specific Business Tax (SBT) at the rate of 3.3% It is subject to Stamp Duty at the rate of 0.5%
<b>Tax treatment at investor's level</b>	
<b>Distributed income</b>	Individuals: The investor is responsible for withholding tax (WHT) at the rate of 10% Corporation operating in Thailand: The investor is responsible for WHT at the rate of 10% Corporation operating outside Thailand: The investor is responsible for WHT at the rate of 10% "
<b>Capital gains</b>	Individuals: Personal Income Tax (PIT) is exempted for an individual investor Corporation operating in Thailand: The investor is subject to the corporate income tax Corporation operating outside Thailand: The investor is responsible for WHT at the rate of 15%



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## UAE

LEGAL REGULATIONS	
Concept	Comment
Legal form	Qualifying Investment Fund
Company name	N/A
Minimal capital share	No minimum share capital requirement
External debt limitations	There is no maximum threshold for external debt.
Listing requirements	At least 20% (twenty percent) of the share capital of the Real Estate Investment Trust ("REIT") is floated on a Recognised Stock Exchange, or it is directly wholly owned by two or more institutional investors specified in, provided that at least two of those institutional investors are not Related Parties
Restrictions on investors	The investment fund or the investment fund's manager is subject to the regulatory oversight of a competent authority in the State, or a foreign competent authority recognised.
Activity test	The main or principal purpose of the investment fund is not to avoid Corporate tax
Asset test	The value of real estate assets, excluding land, under the management or ownership of the Real Estate Investment Trust ("REIT") exceeds AED 100,000,000 (one hundred million United Arab Emirates dirhams). The Real Estate Investment Trust ("REIT") has an average Real Estate Asset Percentage of at least 70% (seventy percent) during the relevant Gregorian calendar year, or the relevant (12) twelve-month period for which the financial statements are prepared.
Restrictions on foreign assets	No restrictions are applicable.
Distribution requirements	Interests in the investment fund are traded on a Recognised Stock Exchange, or are marketed and made available sufficiently widely to investors
Other aspects	Nil
TAX REGULATIONS	
Concept	Comment
Tax treatment at REIT's level	
CIT and Trade Tax treatment	The investment fund shall meet all the mentioned conditions above to be able to apply for exemption under the corporate tax law.
Indirect taxes treatment	N/A

Tax treatment at investor's level	
<b>Withholding tax</b>	N/A
<b>Institutional Investor</b>	<p>Income of that Taxable Person for that relevant Tax Period shall be adjusted to include the income and the expenditure of the Qualifying Investment Fund as reflected in the financial statements of the Qualifying Investment Fund, and in proportion to its ownership interest.</p> <p>The income of the investor shall not include any distribution they receive from a Qualifying Investment Fund in case it has been previously included as their income</p>
<b>What is an institutional investor</b>	<p>An institutional investor is any of the following:</p> <ol style="list-style-type: none"> <li>1. The Federal Government.</li> <li>2. A Local Government.</li> <li>3. A Government Entity.</li> <li>4. A Government Controlled Entity.</li> <li>5. A foreign government, its institutions and authorities or the companies fully owned by any of them.</li> <li>6. International organisations.</li> <li>7. A Bank.</li> <li>8. An Insurance Provider.</li> <li>9. A pension or social security fund.</li> <li>10. An investment entity licensed by a relevant competent authority or a similar regulatory</li> <li>11. authority in or outside of the State.</li> <li>12. Any other juridical person determined by the Authority.</li> </ol>



## UGANDA

LEGAL REGULATIONS	
Concept	Comment
<b>Legal form</b>	Pearl Uganda Limited
<b>Company name</b>	Pearl Uganda Limited / Pearl Uganda Ltd.
<b>Brief overview</b>	<p>Real Estate Investment Trusts, serve as investment tools that offer investors the opportunity to participate in real estate projects and earn income from them. These trusts are typically categorized into two main types: D-REITs and I-REITs.</p> <p><b>D-REITs</b>, or Development REITs, focus on developing and constructing real estate projects. Once completed, these properties are sold to generate returns for investors.</p> <p><b>I-REITs</b>, or Income REITs, specialize in long-term investments in income-generating real estate projects. These trusts distribute rental and lease income to investors. Specifically, the objective of an I-REIT is to raise funds for the acquisition of long-term income-generating real estate assets. These funds may be used for various purposes, including marketing and the management of real estate assets within the trust.</p> <p>The collective investment schemes (real estate investment trusts) regulations, 2017 form the primary framework for REITs in Uganda.</p>
<b>Minimal capital share</b>	<p>The regulations don't explicitly mandate a minimum share capital requirement for REITS. However, the following specifications are available to guide investors;</p> <ul style="list-style-type: none"> <li>• A minimum transaction value of nine billion shillings for any offering of REIT units. This implies that the total value of units offered, even if divided into individual shares must be at least this amount.</li> <li>• A minimum of seven investors to participate in a REIT scheme and also a minimum free float of twenty five percent of the REIT securities on issue at any time can be held by investors who are not associated with the promoter or the REIT manager.</li> <li>• A lock-in period for a promoter for 12 months where the promoter must maintain an investment of at least 30% of the asset value of the I-REIT within these 12 months while for D-REITS, it is at least ten percent of the net asset value for two years from the close of initial the offer or if the issue is to be listed from the date of first listing of the REIT securities</li> </ul> <p>Lock in period" means a period in which the promoter is required to retain an investment in REIT securities;</p>

<p><b>External debt limitations</b></p>	<p>The regulations do not contain any provisions outlining limitations on external debt:</p> <p><b>1. Debt Provision</b></p> <p>Restriction on provision of loans or mortgages by REITS.</p> <p>A D-REIT or an I-REIT can not engage in the provision of mortgages or other forms of lending or debt finance except;</p> <p>a) in the case of real estate assets developed by the D-REIT, where the D-REIT may provide</p> <ol style="list-style-type: none"> <li>i. a mortgage</li> <li>ii. other form of secured loan</li> <li>iii. secured finance</li> <li>iv. any form through a progressive purchase mechanism; for the purpose of assisting a tenant or other purchaser to acquire a housing from the D-REIT.</li> </ol> <p><b>2. Debt Acquisition</b></p> <p>Maximum level of borrowing by REITS.</p> <ul style="list-style-type: none"> <li>• The regulations provide that a trustee may enter a borrowing arrangement on the initiative of the trustee where such borrowing is required to preserve the value of the assets of the trust and is in the best interests of the REIT securities holders but this is all subject to restrictions in scheme documents (if any).</li> <li>• The trustee may provide security over the assets of the trust to support the monies borrowed but while doing this, the trustee has to ensure that any borrowing is not prejudicial to the interests of the REIT securities holders.</li> </ul>
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<p><b>Listing requirements</b></p>	<p><b>1. DREITS</b>  D-REIT may only be listed on a market segment of a securities exchange approved by the Uganda Securities Exchange which limits trading to a restricted minimum subscription of one hundred fifty million shillings, that has to be transferred to a party whom the REIT securities have been issued. Furthermore, the following are also specified;</p> <ul style="list-style-type: none"> <li>• A D-REIT should have a minimum of seven investors.</li> <li>• A minimum value of the initial assets of real estate investment trust in a D-REIT being five billion shillings.</li> <li>• A minimum of twenty-five percent of the total of REIT securities in the trust by value has to be free float. But, this provision does not apply where additional REIT securities are issued to the promoter, REIT manager or connected persons.</li> </ul> <p>“Free float” means REIT securities issued, offered or held by persons who are not connected persons or associated persons with the promoter or the REIT manager;</p> <p><b>2. I-REITS</b>  An issue of REIT securities in an I-REIT is made either as an offer to professional investors or an offer to the general public as a restricted offer in minimum subscription of one hundred fifty million shillings transferred to a party to whom they have been issued in accordance with a Prospectus.</p> <p>It is also be required to;</p> <ul style="list-style-type: none"> <li>• Have a minimum of seven investors.</li> <li>• A minimum value of the initial assets of nine billion shillings.</li> <li>• Also, a minimum of twenty-five percent of the total of REIT securities in the trust by value have to be free float.</li> </ul> <p>However, this provision does not not apply where additional REIT securities are issued and with this, the trustee has to decline to register any issue or transfer of a REIT security if the trustee believes that the issue would result in non-compliance with the free float requirements.</p>
<p><b>Restrictions on investors</b></p>	<p>The Capital Markets Authority (CMA) hasn’t yet laid out restrictions on the type of investors who can invest in REITS. However, there are a few indirect considerations including;</p> <ul style="list-style-type: none"> <li>• A Minimum Transaction Value for the initial offering of REIT units of nine billion shillings and five billion shillings for IREITS and DREITS respectively. Notably, this high minimum value might indirectly restrict participation from small-scale retail investors with limited investment capital.</li> </ul>

<p><b>Activity test</b></p>	<p><b>1. D-REITS</b></p> <p>The objectives of a D-REIT and the powers of a trustee of a D-REIT, as specified in the respective trust deed, are limited to;</p> <ul style="list-style-type: none"> <li>• The acquisition of eligible real estate, investment in eligible investments</li> <li>• Development of to let housing for sale</li> <li>• Development of to hold and let housing</li> <li>• Any combination of the above and associated activities which may include commercial and other real estate related development and construction projects;</li> </ul> <p><b>2. I-REITS.</b></p> <p>The objectives of an I-REIT and the powers of the trustee are limited to;</p> <ul style="list-style-type: none"> <li>• The acquisition for long-term investment of income generating eligible real estate and eligible investments which include housing, commercial and other real estate</li> <li>• Marketing and sale of real estate assets</li> <li>• Retention and management of the real estate assets of the trust with the objective of earning income from the assets</li> <li>• The undertaking of incidental and associated activities and activities related with the assets of the trust.</li> </ul>
<p><b>Asset test</b></p>	<p>1. A D-REIT has to, within one year of the date of its authorisation invest at least thirty percent of the total asset value directly in either development and construction projects; or income producing real estate which the D-REIT has developed.</p> <p>As a prerequisite, Assets of the scheme are;</p> <ul style="list-style-type: none"> <li>• Held in the name and under the control of the trustee for the benefit of REIT securities' holders as the beneficiaries of the trust in accordance with the terms of the trust deed governing the scheme.</li> <li>• Are only be invested in eligible investments</li> <li>• are segregated from the assets and liabilities of the trustee and are not included in the assets of the trustee in the event of claims by creditors of the trustee.</li> </ul> <p>2. An I-REIT has to invest, within two years of the date of its authorisation, at least seventy-five percent of the total net asset value in income producing real estate. This has to be done while also ensuring that the fund's investment in non-real estate related assets, cash deposits and money market instruments not exceed twenty-five percent of a fund's total asset value.</p> <p>Notably for I-REITS, a fund may acquire real estate where it does not have majority ownership and control provided that the total value of the real estates does not exceed twenty-five percent of the fund's total asset value after acquisition;</p> <p>Acquisition and disposal of real estate and price.</p> <p>The trustee of an I-REIT cannot acquire a real estate at a price which exceeds the price in the valuation report by more than ten percent unless the acquisition is approved by a special resolution of the REIT securities holders; or dispose of a real estate at a price lower than ninety percent of the value assessed in the valuation report except if the disposal is approved by a special resolution of the REIT securities holders.</p>

<p><b>Restrictions on foreign assets</b></p>	<p>No restrictions, but the regulations provide that a foreign market, for investments in real estate-related assets and non-real estate-related assets, is an eligible market with satisfactory provisions relating to;</p> <ul style="list-style-type: none"> <li>• The regulation of the foreign market</li> <li>• the adequacy of market information</li> <li>• the discipline of participants for conduct inconsistent with just and equitable principles in the transaction of business as well as others.</li> </ul> <p>Therefore, for Investments in foreign real estates or markets, the REIT Manager has to ensure that such an acquisition is in the best interests of the fund and its unit holders. Therefore, the REIT manager has to;</p> <ul style="list-style-type: none"> <li>• Before acquiring the real estate, take into account various factors, including entry barriers, such as foreign ownership restrictions, foreign exchange as well as the economic and political environment, legal, judicial and accounting systems, and the real estate market in the foreign country; and there by devising possible exit strategies for the foreign market and termination arrangements for the fund’s foreign investments and practical and effective measures that will address any issue or mitigate the risks that may arise out of the foreign investment.</li> <li>• Participate in forward sales in any currency of choice and its participation in the forward contracts are allowed for purposes like hedging for a specific real estate and a specific cash flow; and risk-management purposes limited to the fund’s existing exposure.</li> </ul>
<p><b>Distribution requirements</b></p>	<p>1. Distribution requirements of an I-REIT.</p> <p>a) Minimum Distribution: I-REITs are required by regulation to distribute at least 80% of their funds from realized gains/ Income and cash held in the fund that is a surplus to the investment requirements of the Trust.</p> <p>b) Timing: The distribution must be made within four months of the end of the I-REIT’s financial year.</p> <p>During the process, the following have to also be observed;</p> <ul style="list-style-type: none"> <li>• The manager only recommends and the trustee makes the distributions to REIT securities holders from realized gains, realized income or from cash held in the fund as surplus.</li> <li>• A trustee of an I-REIT on the recommendation of the REIT manager, distributes funds from sources other than from realised capital gains on the disposal of real estate assets.</li> <li>• Where the REIT manager does not recommend a distribution of at least the eighty percent, he has to provide the trustee with a statement of the reasons for proposing a lower distribution and when that minimum distribution level of eighty percent is likely to be restored.</li> </ul> <p>Distribution of Capital gains by an I-REIT.</p> <ul style="list-style-type: none"> <li>• This can either be done by the trustee or investment manager.</li> <li>• Any realised capital gains may be retained and invested in income producing real estate provided that any realised capital gains which have not been invested within a period of two years from the date of realisation be distributed to REIT securities holders within two months of the second anniversary of the realisation.</li> </ul>
<p><b>Other aspects</b></p>	<p>N/A</p>

TAX REGULATIONS	
Concept	Comment
<b>Tax treatment at REIT's level</b>	
<b>CIT and Trade Tax treatment</b>	REITs themselves which are classified under Collective investment schemes for tax purposes are exempt from CIT on the income they generate including rental income, capital gains, Interest income and other income derived from real estate ownership or operations under the current tax regime. Notably, this exemption applies regardless of whether the profits are distributed to investors or retained by the REIT. The exemption from income tax is operational under specific circumstances. One such scenario is when the trust income is directly paid to the beneficiary without intermediary involvement of the trustee. Additionally, if the trustee can substantiate that a portion of the income is for the beneficiary's benefit, exemption may be granted. However, it's worth noting that while the current tax exemption encompasses income from the unit trust scheme, it does not extend to income earned by individual unitholders. This exemption incentivizes investment in REITS as it allows for higher returns for investors.
<b>Indirect taxes treatment</b>	N/A
<b>Tax treatment at investor's level</b>	
<b>Withholding tax</b>	The following apply in relation to REITs; <ul style="list-style-type: none"> <li>Distributions made by a REIT to its unitholders are subject to a withholding tax of 15%. This is similar to the tax treatment of dividends from companies listed on the Uganda Securities Exchange (USE).</li> <li>Also, most importantly unitholders can claim a tax credit for the withholding tax paid when filing their individual income tax returns.</li> </ul>
<b>Resident investors</b>	<ol style="list-style-type: none"> <li>Profits realized from REITS Resident investors are not subject to withholding tax on distributions, but their income is taxed in the hands of the beneficiary. This means the resident investor is taxed on their individual share of the trust's income at their marginal income tax rate based on the following tax bracket. <ul style="list-style-type: none"> <li>0% tax rate for annual income up to UGX 2,820,000.</li> <li>10% tax rate for annual income exceeding UGX 2,820,000 but below UGX 10,000,000.</li> <li>20% tax rate for annual income exceeding UGX 10,000,000 but below UGX 120,000,000.</li> <li>30% tax rate for annual income exceeding UGX 120,000,000.</li> </ul> </li> <li>Capital Gains Tax: <ul style="list-style-type: none"> <li>When a resident beneficiary disposes of REIT units and realizes a capital gain, they are liable to capital gains tax of 30%.</li> </ul> </li> </ol>

**Non-resident investors**

Distributions from REITS are generally subject to a 15% withholding tax for both dividends and interest once the beneficiary is a non-resident. The condition here is that the income has been earned from Uganda for this to be applicable. However, double taxation treaties between Uganda and other countries might supersede this rate.

- If the income of a trust is deemed to be owned by the settlor due to certain conditions (e.g., settlor retains control, benefits from the income), the income is taxed in the hands of the settlor regardless of their residency.



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