

## 6 Tax

	2009 £m	2008 £m
<b>Current tax</b>		
UK corporation tax	–	–
Tax (over)/under provided in previous years	<b>(0.1)</b>	0.1
Total current tax	<b>(0.1)</b>	0.1
<b>Deferred tax</b>	–	1.0
Tax (credit)/charge for the year	<b>(0.1)</b>	1.1
The difference between the standard rate of tax and the effective rate of tax arises from the items set out below:		
	2009 £m	2008 £m
Loss before tax	<b>(436.2)</b>	(3.0)
Tax credit on loss at standard rate of 28% (2008: 30%)	<b>(122.1)</b>	(0.9)
Accounting profits arising in the year not taxable for tax purposes	<b>(0.1)</b>	(2.3)
REIT tax-exempt rental profits and gains	<b>(2.5)</b>	(4.2)
Joint venture adjustments	<b>0.2</b>	–
Previous years' corporation tax	–	0.1
Non-taxable revaluation deficit	<b>124.5</b>	7.0
Accounting losses arising in the year not relievable against current tax	<b>0.2</b>	0.7
Expenses not deductible for tax purposes	<b>0.1</b>	0.1
Other	<b>(0.4)</b>	0.6
Tax (credit)/charge for the year	<b>(0.1)</b>	1.1

During the year a tax credit of £nil million (2008: a credit of £0.2 million) was allocated directly to equity. The prior year credit related to deferred tax in respect of derivatives. The Group's net deferred tax at 31 March 2009 is £nil (2008: £nil). This consists of a deferred tax liability of £0.2 million (2008: £nil) arising from the Group's pension surplus and a deferred tax asset of £0.2 million (2008: £nil) in respect of capital allowances and other short-term timing differences. A deferred tax asset of £10.5 million, mainly relating to tax losses carried forward at 31 March 2009 and deferred tax arising in respect of the fair value of derivatives, was not recognised because it is uncertain whether future taxable profits will arise against which these losses can be offset.

The Group converted to a REIT on 1 January 2007. From that date, the Group has been exempt from corporation tax in respect of the following:

- rental profits arising from its property investment business; and
- chargeable gains arising on the sale of properties from its property investment business, provided that the relevant property is not both:
  - the subject of a development which costs more than 30% of the property's fair value at the later of 1 January 2007 and the date that it was purchased by the Group; and
  - sold within three years of the completion of the development.

The Group is otherwise subject to corporation tax. The Group estimates that as the majority of its future profits will not be subject to corporation tax, it will have a very low tax charge over the coming years.

As a REIT, Great Portland Estates plc is required to pay Property Income Distributions of at least 90% of the profits (excluding chargeable gains) of the Group's property investment business (calculated by tax rules rather than accounting rules).

In order to ensure that the Group is able to both retain its status as a REIT and to avoid financial charges being imposed, a number of tests must be met by both Great Portland Estates plc and by the Group as a whole on an ongoing basis. These conditions are detailed in the Finance Act 2006.