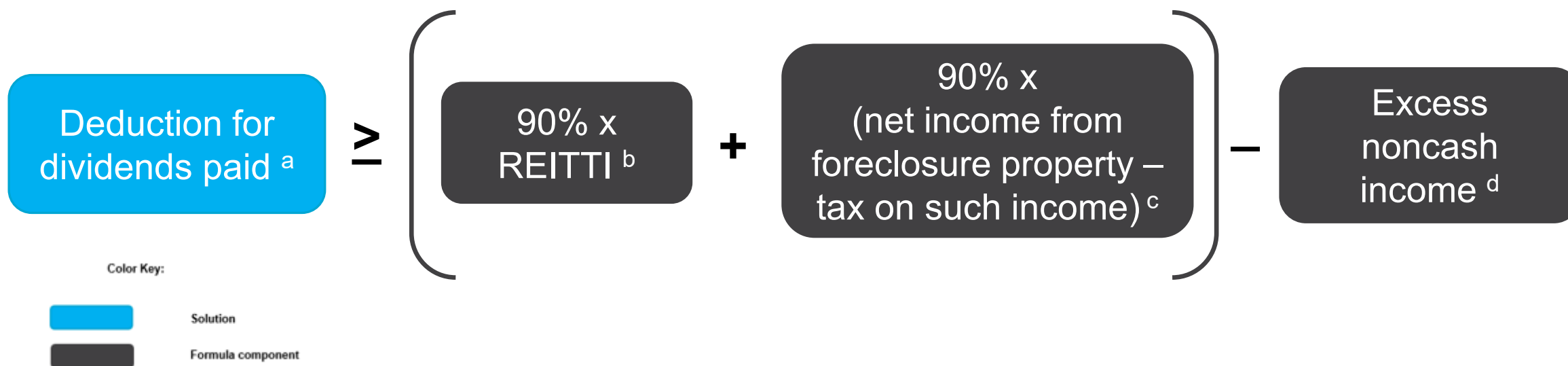


Real Estate Investment Trusts (REITs): §857(a)(1) Requirement

Summary: To qualify as a REIT, a minimum distribution requirement must be met each taxable year.



Notes and sources:

^a As defined in [§561](#), determined without regard to capital gains dividends. [§857\(a\)\(1\)](#). For further discussion, see [742 T.M.](#), *Real Estate Investment Trusts*.

^b REIT taxable income is determined without regard to the deduction for dividends paid under [§561](#) and by excluding any net capital gain. [§857\(a\)\(1\)\(A\)\(i\)](#).

^c [§857\(a\)\(1\)\(A\)\(ii\)](#). The tax imposed on such income is computed by multiplying the net income from foreclosure property by 21% (i.e., the highest rate of tax specified in [§11\(b\)](#)). [§857\(b\)\(4\)\(A\)](#).

^d Determined under [§857\(e\)](#). [§857\(a\)\(1\)\(B\)](#).