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KPMG report: REITs and cash conservation in response to coronavirus (COVID-19)

A real estate investment trust (REIT) generally must have an annual dividends-paid deduction (DPD) of at least 90% of its ordinary taxable income (determined prior to taking into account the DPD). The REIT is also subject to federal corporate income tax to the extent that its pre-DPD REIT taxable income (including net capital gain) exceeds its DPD. Public REITs make distributions quarterly; the practice for private REITs varies. This means REITs generally can't simply choose to retain their earnings—even if their business needs demand it.

To address issues presented by the coronavirus (COVID-19) pandemic, Congress is considering extraordinary stimulus measures, including significant changes to the tax laws. Businesses of all types, including REITs, are evaluating how to preserve liquidity, and there are some things that REITs can do (or at least consider) now to conserve cash.

Read a **March 2020 report** [PDF 70 KB] prepared by KPMG LLP: *Hoarders, REIT Edition: Cash Conservation in the Time of Coronavirus*

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