

SCHEDULE 7

PARTNERSHIPS

PART 4

TRANSACTIONS INVOLVING TRANSFERS TO A PARTNERSHIP

Transfer of chargeable interest to a partnership: general

- 13 (1) This paragraph applies where—
- (a) a partner transfers a chargeable interest to the partnership,
 - (b) a person transfers a chargeable interest to a partnership in return for an interest in the partnership, or
 - (c) a person connected with—
 - (i) a partner, or
 - (ii) a person who becomes a partner as a result of or in connection with the transfer,transfers a chargeable interest to the partnership.
- (2) This paragraph applies whether the transfer is in connection with the formation of the partnership or is a transfer to an existing partnership.
- (3) The chargeable consideration for the transaction is taken to be equal to—
- $$MV \times (100 - SLP) \%$$
- Figure 9
- where—
- MV is the market value of the chargeable interest transferred, and
 - SLP is the sum of the lower proportions.
- (4) Paragraph 14 provides for determining the sum of the lower proportions.
- (5) Part 7 applies if the whole or part of the chargeable consideration for the transaction is rent.
- (6) Paragraphs 9 to 11 (responsibility of partners) have effect in relation to a transaction to which this paragraph applies, but the responsible partners are—
- (a) those who were partners immediately before the transfer and who remain partners after the transfer, and
 - (b) any person becoming a partner as a result of, or in connection with, the transfer.
- (7) This paragraph has effect subject to any election under paragraph 36.