SCHEDULE 7

PARTNERSHIPS

PART 5

TRANSACTIONS INVOLVING TRANSFERS FROM A PARTNERSHIP

Transfer of chargeable interest from a partnership: general

21 (1) This paragraph applies where a chargeable interest is transferred—

(a) from a partnership to a person who is or has been one of the partners, or

(b) from a partnership to a person connected with a person who is or has been one of the partners.

(2) The chargeable consideration for the transaction is (subject to paragraph 30) taken to be equal to—

$$MV \times (100 - SLP) \div 100$$

Figure 10

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.

(3) Paragraph 22 provides for determining the sum of the lower proportions.

(4) Part 7 applies if the whole or part of the chargeable consideration for the transaction is rent.

(5) For the purposes of this paragraph, property that was partnership property before the partnership was dissolved or otherwise ceased to exist is to be treated as remaining partnership property until it is distributed.

(6) This paragraph has effect subject to any election under paragraph 36.