

SCHEDULE 7

PARTNERSHIPS

PART 5

TRANSACTIONS INVOLVING TRANSFERS FROM A PARTNERSHIP

Partnership share attributable to corresponding partner: effective date of transfer before 20 October 2003

- 26 (1) This paragraph applies for the purposes of paragraph 22 (see Step 4) where the effective date of the transfer of the relevant chargeable interest to the partnership was before 20 October 2003.
- (2) Where this paragraph applies, the partnership share attributable to a corresponding partner is to be determined, as follows—
- Step 1*
Find the partner's actual partnership share on the relevant date.
The relevant date—
- (a) if the partner was a partner on 19 October 2003, is that date;
 - (b) if the partner became a partner after that date, is the date on which the partner became a partner.
- Step 2*
Add to that partnership share any increases in the partner's partnership share which—
- (a) occur in the period beginning with the day after the relevant date and ending immediately before the transaction to which paragraph 22 applies, and
 - (b) count for this purpose (see sub-paragraph (5)).
- The result is the increased partnership share.
- Step 3*
Deduct from the increased partnership share any decreases in the partner's partnership share which occur in the period beginning with the day after the relevant date and ending immediately before the transaction to which paragraph 22 applies.
The result is the partnership share attributable to the partner.
- (3) If the effect of applying Step 3 would be to reduce the partnership share attributable to the partner below zero, the partnership share attributable to the partner is zero.
- (4) If the partner ceased to be a partner before 19 October 2003, the partnership share attributable to the partner is zero.
- (5) An increase counts for the purpose of Step 2 only if the instrument by which the transfer was effected has been stamped with ad valorem stamp duty.
- (6) In this paragraph and paragraph 27, the relevant chargeable interest is—
- (a) the chargeable interest which ceases to be partnership property as a result of the transaction to which paragraph 22 applies, or

Status: This is the original version (as it was originally enacted).

- (b) where the transaction to which paragraph 22 applies is the creation of a chargeable interest, the chargeable interest out of which that interest is created.