

SCHEDULE 7

PARTNERSHIPS

PART 5

TRANSACTIONS INVOLVING TRANSFERS FROM A PARTNERSHIP

Partnership share attributable to corresponding partner: effective date of transfer on or after 20 October 2003

- 27 (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 on or after 20 October 2003.
- (2) Where this paragraph applies and neither of the conditions in sub-paragraph (3) is met, the partnership share attributable to the partner is zero.
- (3) The conditions are—
- (a) the instrument by which the transfer was effected has been stamped with ad valorem stamp duty;
 - (b) any land transaction tax or, as the case may be, stamp duty land tax payable in respect of the transfer has been paid.

- (4) Where this paragraph applies, and one of the conditions in sub-paragraph (3) is met, the partnership share attributable to the partner is 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 the effective date of the transfer of the relevant chargeable interest to the partnership, 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 (7)).

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 starting on 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.

- (5) 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.

- (6) If the partner ceased to be a partner before the effective date of the transfer of the relevant chargeable interest to the partnership, the partnership share attributable to the partner is zero.
- (7) An increase counts for the purpose of Step 2 only if—
 - (a) where the transfer which resulted in the increase took place on or before 22 July 2004, the instrument by which the transfer was effected has been stamped with ad valorem stamp duty;
 - (b) where the transfer which resulted in the increase took place after that date, any land transaction tax or, as the case may be, stamp duty land tax payable in respect of the transfer has been paid.