

SCHEDULE 17 PARTNERSHIPS

PART 4

TRANSACTIONS INVOLVING TRANSFER TO A PARTNERSHIP

Transfer of partnership interest pursuant to earlier arrangements

- 17 (1) This paragraph applies where—
- (a) subsequent to the land transfer, there is a transfer of an interest in the partnership (“the partnership transfer”),
 - (b) the partnership transfer is made—
 - (i) if the land transfer falls within paragraph 12(1)(a) or (b), by the person who makes the land transfer,
 - (ii) if the land transfer falls within paragraph 12(1)(c), by the partner concerned,
 - (c) the partnership transfer is made pursuant to arrangements that were in place at the time of the land transfer,
 - (d) the partnership transfer is not (apart from this paragraph) a chargeable transaction.
- (2) The partnership transfer—
- (a) is to be treated as a land transaction, and
 - (b) is a chargeable transaction.
- (3) The partners are taken to be the buyers under the transaction.
- (4) The chargeable consideration for the transaction is taken to be equal to a proportion of the market value, as at the date of the transaction, of the interest transferred by the land transfer.
- (5) That proportion is—
- (a) if the person making the partnership transfer is not a partner immediately after the transfer, the person’s partnership share immediately before the transfer,
 - (b) if that person is a partner immediately after the transfer, the difference between that person’s partnership share before and after the transfer.
- (6) The partnership transfer and the land transfer are taken to be linked transactions.
- (7) Paragraphs 8 to 10 (responsibility of partners) have effect in relation to the partnership transfer, 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.