



# Finance Act 1965

## 1965 CHAPTER 25

### PART IV

#### TAXATION OF COMPANIES AND OF COMPANY DISTRIBUTIONS.

*Local authorities, unit trusts and special classes of company.*

#### **73 Company partnerships.**

- (1) So long as a trade is carried on by persons in partnership, and any of those persons is a company, the profits of the - trade and any loss (including a terminal loss) incurred therein shall be computed for purposes of corporation tax in like manner and by reference to the like accounting periods as if the partnership were a company, and without regard to any change in the persons engaged in carrying on the trade:

Provided that—

- (a) references to distributions shall not apply ;
  - (b) no deduction or addition shall be made for charges on income, or for capital allowances and charges, nor in any accounting period for losses incurred in any other period;
  - (c) a change in the persons engaged in carrying on the trade shall be treated as the transfer of the trade to a different company, if there continues to be a company so engaged after the change but not a company that was so engaged before the change.
- (2) A company's share in the profits or loss of any accounting period or in any matter excluded from the computation by proviso (b) to subsection (1) above shall be determined according to the interests of the partners during that period and corporation tax shall be chargeable as if that share derived from a trade carried on by it alone, and the company shall be assessed and charged to tax accordingly:

Provided that for purposes of any relief from tax which may be given against total profits a company may claim that any profits in respect of which it is chargeable in accordance with this section and, so far as it cannot be relieved against those

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*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

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profits, any matter for which relief may be given against them in accordance with this section shall be dealt with as if they derived from a separate trade carried on by it otherwise than in partnership (any necessary apportionment being made where accounting periods of the company do not coincide with those of the partnership).

- (3) Where any of the persons engaged in carrying on the trade is an individual, income tax shall be chargeable in respect of his share of the profits, and he shall be entitled to relief for his share of any loss, as if all the partners had been individuals, except that—
  - (a) income tax shall be chargeable and any relief from income tax shall be given by reference to the computations made for corporation tax, but so that the amounts so computed for an accounting period of the capital allowances and charges falling to be made in taxing the trade shall (as regards the individual's share of them) be given or made for the year or years of assessment comprising that period and, where necessary, be apportioned accordingly; and
  - (b) section 19 of the Finance Act 1953 (discontinuances) shall not apply by reason of any change in the persons engaged in carrying on the trade unless an individual begins or ceases to be so engaged, and where it does apply, an election under section 19(3) shall be made only by the individuals so engaged and only if an individual so engaged before the change continues to be so engaged after it; and
  - (c) section 18 of the Finance Act 1954 (terminal loss) shall not apply except where section 59 of this Act applies to the partnership as a whole.
- (4) Section 144 of the Income Tax Act 1952 (partnership statements and assessments) shall apply to income tax chargeable in accordance with this section, matters relevant only to corporation tax being omitted from the statement required by section 144 and from the assessment, and the obligation to make and deliver the statement being that of the individual partner or partners.
- (5) Where a trade or business is carried on by two or more persons in partnership, and the control and management of the trade or business is situated abroad but those persons include a company resident in the United Kingdom, then as regards that company this section shall have effect as if the partnership were resident in the United Kingdom, and an assessment may be made on the company accordingly.
- (6) Subject to subsection (5) above, where the partners in a partnership include a company, section 147 of the Income Tax Act 1952 shall apply whether for corporation tax or income tax, and this section shall have effect accordingly.
- (7) In this section " capital allowances and charges " means any such allowances and charges as are within section 56 of this Act, other than those which for income tax are given or made by deduction or addition in the computation of profits or gains.