



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IV

PROVISIONS RELATING TO THE SCHEDULE D CHARGE

CHAPTER VII

PARTNERSHIPS AND SUCCESSIONS

[^{F1}Limited liability partnerships

Textual Amendments

- F1** Ss. 118ZA-118ZD and preceding cross-heading inserted (6.4.2001) by [Limited Liability Partnerships Act 2000 \(c. 12\), ss. 10\(1\), 19\(1\); S.I. 2000/3316, art. 2](#)

118ZA Treatment of limited liability partnerships.

[^{F2}(1) For [^{F3}corporation tax purposes], where a limited liability partnership carries on a trade, profession or other business with a view to profit—

- (a) all the activities of the partnership are treated as carried on in partnership by its members (and not by the partnership as such),
- (b) anything done by, to or in relation to the partnership for the purposes of, or in connection with, any of its activities is treated as done by, to or in relation to the members as partners, and
- (c) the property of the partnership is treated as held by the members as partnership property.

References in this subsection to the activities of the limited liability partnership are to anything that it does, whether or not in the course of carrying on a trade, profession or other business with a view to profit.

Status: Point in time view as at 06/04/2005.

Changes to legislation: Income and Corporation Taxes Act 1988, Cross Heading: Limited liability partnerships is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) For all purposes, except as otherwise provided, in [^{F4}the Corporation Tax Acts]—
- (a) references to a partnership include a limited liability partnership in relation to which subsection (1) above applies,
 - (b) references to members of a partnership include members of such a limited liability partnership,
 - (c) references to a company do not include such a limited liability partnership, and
 - (d) references to members of a company do not include members of such a limited liability partnership.
- (3) Subsection (1) above continues to apply in relation to a limited liability partnership which no longer carries on any trade, profession or other business with a view to profit—
- (a) if the cessation is only temporary, or
 - (b) during a period of winding up following a permanent cessation, provided—
 - (i) the winding up is not for reasons connected in whole or in part with the avoidance of tax, and
 - (ii) the period of winding up is not unreasonably prolonged, but subject to subsection (4) below.
- (4) Subsection (1) above ceases to apply in relation to a limited liability partnership—
- (a) on the appointment of a liquidator or (if earlier) the making of a winding-up order by the court, or
 - (b) on the occurrence of any event under the law of a country or territory outside the United Kingdom corresponding to an event specified in paragraph (a) above.]

Textual Amendments

- F2** S. 118ZA substituted (retrospective to 6.4.2001) by [Finance Act 2001 \(c. 9\), s. 75\(1\)\(6\)](#)
- F3** Words in s. 118ZA(1) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 97\(a\)](#) (with Sch. 2)
- F4** Words in s. 118ZA(2) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 97\(b\)](#) (with Sch. 2)

118ZB Restriction on relief.

[^{F5}(1)] Sections 117 and 118 have effect in relation to a member of a limited liability partnership as in relation to a limited partner, but subject to sections 118ZC and 118ZD.

[^{F6}(2) However, section 117 does not apply in relation to a loss sustained by an individual in a trade ^{F7}. . . in a qualifying year of assessment within the meaning of section 118ZE.]

Textual Amendments

- F5** S. 118ZB renumbered as s. 118ZB(1) (22.7.2004) by [Finance Act 2004 \(c. 12\), s. 124\(3\)](#)
- F6** S. 118ZB(2) added (22.7.2004) by [Finance Act 2004 \(c. 12\), s. 124\(3\)](#)
- F7** Words in s. 118ZB(2) repealed (retrospective to 2.12.2004 with effect in accordance with s. 72(7)-(11) of the repealing Act) by [Finance Act 2005 \(c. 7\), s. 72\(2\)\(12\), Sch. 11 Pt. 2\(4\)](#), Note

Status: Point in time view as at 06/04/2005.

Changes to legislation: Income and Corporation Taxes Act 1988, Cross Heading: Limited liability partnerships is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

118ZC Member’s contribution to trade.

- (1) Subsection (3) of section 117 does not have effect in relation to a member of a limited liability partnership.
- (2) But, for the purposes of that section and section 118, such a member’s contribution to a trade at any time (“the relevant time”) is the greater of—
 - (a) the amount subscribed by him, and
 - (b) the amount of his liability on a winding up.
- (3) The amount subscribed by a member of a limited liability partnership is the amount which he has contributed to the limited liability partnership as capital, less so much of that amount (if any) as—
 - (a) he has previously, directly or indirectly, drawn out or received back,
 - (b) he so draws out or receives back during the period of five years beginning with the relevant time,
 - (c) he is or may be entitled so to draw out or receive back at any time when he is a member of the limited liability partnership, or
 - (d) he is or may be entitled to require another person to reimburse to him.
- (4) The amount of the liability of a member of a limited liability partnership on a winding up is the amount which—
 - (a) he is liable to contribute to the assets of the limited liability partnership in the event of its being wound up, and
 - (b) he remains liable so to contribute for the period of at least five years beginning with the relevant time (or until it is wound up, if that happens before the end of that period).

[^{F8}(5) This section is subject to provision made by regulations under section 118ZN (partners: meaning of “contribution to the trade”).]

Textual Amendments

F8 S. 118ZC(5) inserted (retrospective to 2.12.2004) by Finance Act 2005 (c. 7), s. 73(3)(5)

118ZD Carry forward of unrelieved losses.

- (1) Where amounts relating to a trade carried on by a member of a limited liability partnership are, in any one or more chargeable periods, prevented from being given or allowed by section 117 or 118 as it applies otherwise than by virtue of this section (his “total unrelieved loss”), subsection (2) applies in each subsequent chargeable period in which—
 - (a) he carries on the trade as a member of the limited liability partnership, and
 - (b) any of his total unrelieved loss remains outstanding.
- (2) Sections 380, 381, 393A(1) and 403 (and sections 117 [^{F9}, 118 and 118ZE] as they apply in relation to those sections) shall have effect in the subsequent chargeable period as if—
 - (a) any loss sustained or incurred by the member in the trade in that chargeable period were increased by an amount equal to so much of his total unrelieved loss as remains outstanding in that period, or

Status: Point in time view as at 06/04/2005.

Changes to legislation: *Income and Corporation Taxes Act 1988, Cross Heading: Limited liability partnerships is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (b) (if no loss is so sustained or incurred) a loss of that amount were so sustained or incurred.
- (3) To ascertain whether any (and, if so, how much) of a member's total unrelieved loss remains outstanding in the subsequent chargeable period, deduct from the amount of his total unrelieved loss the aggregate of—
 - (a) any relief given under any provision of the Tax Acts (otherwise than as a result of subsection (2)) in respect of his total unrelieved loss in that or any previous chargeable period, and
 - (b) any amount given or allowed in respect of his total unrelieved loss as a result of subsection (2) in any previous chargeable period (or which would have been so given or allowed had a claim been made).]

Textual Amendments

F9 Words in s. 118ZD(2) substituted (22.7.2004) by [Finance Act 2004 \(c. 12\), s. 124\(4\)](#)

Status:

Point in time view as at 06/04/2005.

Changes to legislation:

Income and Corporation Taxes Act 1988, Cross Heading: Limited liability partnerships is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.