
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Cross
Heading: Withdrawal of money etc from partnership after transfer of chargeable interest. (See end of Document for details)

SCHEDULES

SCHEDULE 10

STAMP DUTY LAND TAX: MISCELLANEOUS AMENDMENTS

PART 1

AMENDMENTS COMING INTO FORCE IN ACCORDANCE WITH PARAGRAPH 16

Withdrawal of money etc from partnership after transfer of chargeable interest

10 In Schedule 15 (partnerships) after paragraph 17 insert—

“Withdrawal of money etc from partnership after transfer of chargeable interest

17A (1) This paragraph applies where—

- (a) there is a transfer of a chargeable interest to a partnership (“the land transfer”);
- (b) the land transfer falls within paragraph (a), (b) or (c) of paragraph 10(1);
- (c) during the period of three years beginning with the date of the land transfer, a qualifying event occurs.

(2) A qualifying event is—

- (a) a withdrawal from the partnership of money or money's worth which does not represent income profit by the relevant person—
 - (i) withdrawing capital from his capital account,
 - (ii) reducing his interest, or
 - (iii) ceasing to be a partner, or
- (b) in a case where the relevant person has made a loan to the partnership—
 - (i) the repayment (to any extent) by the partnership of the loan, or
 - (ii) a withdrawal by the relevant person from the partnership of money or money's worth which does not represent income profit.

(3) For this purpose the relevant person is—

- (a) where the land transfer falls within paragraph 10(1)(a) or (b), the person who makes the land transfer, and
- (b) where the land transfer falls within paragraph 10(1)(c), the partner concerned or a person connected with him.

(4) The qualifying event—

- (a) shall be taken to be a land transaction, and

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- (b) is a chargeable transaction.
- (5) The partners shall be taken to be the purchasers under the transaction.
- (6) Paragraphs 6 to 8 (responsibility of partners) have effect in relation to the transaction.
- (7) The chargeable consideration for the transaction shall be taken to be—
 - (a) in a case falling within sub-paragraph (2)(a), equal to the value of the money or money's worth withdrawn from the partnership,
 - (b) in a case falling within sub-paragraph (2)(b)(i), equal to the amount repaid, and
 - (c) in a case falling within sub-paragraph (2)(b)(ii), equal to so much of the value of the money or money's worth withdrawn from the partnership as does not exceed the amount of the loan, but (in any case) shall not exceed the market value, as at the effective date of the land transfer, of the chargeable interest transferred by the land transfer, reduced by any amount previously chargeable to tax.”

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