

SCHEDULE 12

(as introduced by section 30(1))

RELIEF FOR INCORPORATION OF LIMITED LIABILITY PARTNERSHIP

The relief

- 1 A transaction by which a chargeable interest is transferred by a person (“the transferor”) to a limited liability partnership in connection with its incorporation is relieved from tax if conditions A to C are met.

Condition A

- 2 Condition A is that the effective date of the transaction is not more than one year after the date of incorporation of the limited liability partnership.

Condition B

- 3 Condition B is that at the relevant time the transferor—
- (a) is a partner in a partnership comprised of all the persons who are, or are to be, members of the limited liability partnership (and no-one else), or
 - (b) holds the chargeable interest as nominee or bare trustee for one or more of the partners in such a partnership.

Condition C

- 4 Condition C is that—
- (a) the proportions of the chargeable interest to which the persons mentioned in paragraph 3(a) are entitled immediately after the transfer are the same as those to which they were entitled at the relevant time, or
 - (b) none of the differences in those proportions has arisen as part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of liability to tax.

Interpretation

- 5 (1) In this Schedule—
- “limited liability partnership” (“*partneriaeth atebolrwydd cyfyngedig*”) means a limited liability partnership formed under the [Limited Liability Partnerships Act 2000 \(c. 12\)](#);
 - “the relevant time” (“*yr adeg berthnasol*”) means—
 - (a) where the transferor acquired the chargeable interest after the incorporation of the limited liability partnership, immediately after the transferor acquired it, and
 - (b) in any other case, immediately before the limited liability partnership’s incorporation.
- (2) In paragraph 4(b), “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.