

SCHEDULE 7

PARTNERSHIPS

PART 4

TRANSACTIONS INVOLVING TRANSFERS TO A PARTNERSHIP

Transfer of chargeable interest to a partnership: sum of the lower proportions

- 14 The sum of the lower proportions in relation to a transaction to which paragraph 13 applies is determined as follows—

Step 1

Identify the relevant owner or owners (see paragraph 15).

Step 2

For each relevant owner, identify the corresponding partner or partners (see paragraph 16).

If there is no relevant owner with a corresponding partner, the sum of the lower proportions is zero.

Step 3

For each relevant owner, find the proportion of the chargeable interest to which the owner was entitled immediately before the transaction.

Apportion that proportion between any one or more of the relevant owner's corresponding partners.

Step 4

Find the lower of the following (“the lower proportion”) for each corresponding partner—

- (a) the proportion of the chargeable interest attributable to the partner (see paragraph 17);
- (b) the partner's partnership share immediately after the transaction.

Step 5

Add together the lower proportions of each corresponding partner.

The result is the sum of the lower proportions.