

SCHEDULE 7

PARTNERSHIPS

PART 4

TRANSACTIONS INVOLVING TRANSFERS TO A PARTNERSHIP

Transfer of partnership interest pursuant to tax avoidance arrangements

- 18 (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 13(1);
 - (c) there is subsequently a transfer of an interest in the partnership (“the partnership transfer”);
 - (d) the partnership transfer is made—
 - (i) if the land transfer falls within paragraph 13(1)(a) or (b), by the person who makes the land transfer;
 - (ii) if the land transfer falls within paragraph 13(1)(c), by the partner concerned;
 - (e) the partnership transfer is made pursuant to arrangements which are, or form part of, tax avoidance arrangements that were in place at the time of the land transfer;
 - (f) the partnership transfer is not (apart from this paragraph) a chargeable transaction.
- (2) For the purposes of this Act, the partnership transfer—
- (a) is taken to be a land transaction, and
 - (b) is a chargeable transaction.
- (3) The partners are taken to be the buyers in the transaction.
- (4) The chargeable consideration for the transaction is taken to be equal to a proportion of the market value, as at the date of the transaction, of the interest transferred by the land transfer.
- (5) That proportion is—
- (a) if the person making the partnership transfer is not a partner immediately after the partnership transfer, that person’s partnership share immediately before that transfer;
 - (b) if the person is a partner immediately after the partnership transfer, the difference between the person’s partnership share before and after that transfer.
- (6) The partnership transfer and the land transfer are taken to be linked transactions.
- (7) Paragraphs 9 to 11 (responsibility of partners) have effect in relation to the partnership transfer, but the responsible partners are—
- (a) those who were partners immediately before the transfer and who remain partners after the transfer, and

Status: This is the original version (as it was originally enacted).

(b) any person becoming a partner as a result of, or in connection with, the transfer.

(8) In this paragraph, “tax avoidance arrangements” has the meaning given by section 31.