

SCHEDULE 7

PARTNERSHIPS

PART 8

TRANSFERS INVOLVING PROPERTY-INVESTMENT PARTNERSHIPS

Transfer of interest in property-investment partnership

- 34 (1) This paragraph applies where—
- (a) there is a transfer of an interest in a property-investment partnership, and
 - (b) the relevant partnership property includes a chargeable interest.
- (2) For the purposes of this Act, the transfer—
- (a) is taken to be a land transaction, and
 - (b) is a chargeable transaction.
- (3) The buyer in the transaction is the person who acquires an increased partnership share or, as the case may be, becomes a partner in consequence of the transfer.
- (4) The chargeable consideration for the transaction is taken to be equal to a proportion of the market value of the relevant partnership property.
- (5) That proportion is—
- (a) if the person acquiring the interest in the partnership was not a partner before the transfer, the person’s partnership share immediately after the transfer;
 - (b) if the person was a partner before the transfer, the difference between that person’s partnership share before and after the transfer.
- (6) The “relevant partnership property”, in relation to a Type A transfer of an interest in a partnership, is every chargeable interest held as partnership property immediately after the transfer, other than—
- (a) any chargeable interest that was transferred to the partnership in connection with the transfer,
 - (b) a lease to which paragraph 35 (exclusion of market rent leases) applies, and
 - (c) any chargeable interest that is not attributable economically to the interest in the partnership that is transferred.
- (7) The “relevant partnership property”, in relation to a Type B transfer of an interest in a partnership, is every chargeable interest held as partnership property immediately after the transfer, other than—
- (a) any chargeable interest that was transferred to the partnership in connection with the transfer,
 - (b) a lease to which paragraph 35 (exclusion of market rent leases) applies,
 - (c) any chargeable interest that is not attributable economically to the interest in the partnership that is transferred,
 - (d) any chargeable interest that was transferred to the partnership on or before 22 July 2004,
 - (e) any chargeable interest in respect of whose transfer to the partnership an election has been made under paragraph 36, and

Status: This is the original version (as it was originally enacted).

- (f) any other chargeable interest whose transfer to the partnership did not fall within paragraph 13(1).
- (8) A Type A transfer is—
 - (a) a transfer that takes the form of arrangements entered into under which—
 - (i) the whole or part of a partner’s interest as partner is acquired by another person (who may be an existing partner), and
 - (ii) consideration in money or money’s worth is given by or on behalf of the person acquiring the interest, or
 - (b) a transfer that takes the form of arrangements entered into under which—
 - (i) a person becomes a partner,
 - (ii) the interest of an existing partner in the partnership is reduced or an existing partner ceases to be a partner, and
 - (iii) there is a withdrawal of money or money’s worth from the partnership by the existing partner mentioned in paragraph (ii) (other than money or money’s worth paid from the resources available to the partnership prior to the transfer).
- (9) Any other transfer to which this paragraph applies is a Type B transfer.
- (10) An interest in respect of the transfer of which this paragraph applies is to be treated as a chargeable interest for the purposes of paragraph 8(2) of Schedule 16 (group relief) to the extent that the relevant partnership property consists of a chargeable interest.