

*Status: Point in time view as at 01/04/2018.*

*Changes to legislation: There are currently no known outstanding effects for the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017, Cross Heading: Withdrawal of money etc. from partnership after transfer of chargeable interest. (See end of Document for details)*

## SCHEDULE 7

### PARTNERSHIPS

#### PART 4

#### TRANSACTIONS INVOLVING TRANSFERS TO A PARTNERSHIP

*Withdrawal of money etc. from partnership after transfer of chargeable interest*

- 19 (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) during the period of 3 years beginning with the effective date of the land transfer, a qualifying event within sub-paragraph (2) occurs;
  - (d) the qualifying event is, or forms part of, a tax avoidance arrangement;
  - (e) at the time of the qualifying event, an election has not been made in respect of the land transfer under paragraph 36.
- (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 the relevant person's capital account,
    - (ii) reducing the relevant person's interest in the partnership, 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 the purposes of sub-paragraph (2), the relevant person is—
- (a) where the land transfer falls within 13(1)(a) or (b), the person who makes the land transfer, and
  - (b) where the land transfer falls within paragraph 13(1)(c), the partner concerned or a person connected with that partner.
- (4) For the purposes of this Act, the qualifying event—
- (a) is taken to be a land transaction, and
  - (b) is a chargeable transaction.
- (5) The partners are taken to be the buyers under the transaction.
- (6) Paragraphs 9 to 11 (responsibility of partners) have effect in relation to the transaction.
- (7) The chargeable consideration for the transaction is 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- (a) in a case falling within sub-paragraph (2)(a), equal to the value of the money or money's worth withdrawn from the partnership;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;

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- (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.
- (8) But the chargeable consideration determined under sub-paragraph (7) is not to 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.
- (9) Where—
- (a) a qualifying event gives rise to a charge under this paragraph, and
- (b) the same event gives rise to a charge under paragraph 34 (transfer of interest in property investment partnership),
- the amount of the charge under this paragraph is reduced (but not below zero) by the amount of the charge under that paragraph.
- (10) In this paragraph, “tax avoidance arrangement” has the meaning given by section 31.

**Modifications etc. (not altering text)**

- C1** Sch. 7 para. 19 modified (1.4.2018) by [The Land Transaction Tax \(Transitional Provisions\) \(Wales\) Regulations 2018 \(S.I. 2018/126\)](#), regs. 1(2), **8**

**Commencement Information**

- I1** Sch. 7 para. 19 in force at 1.4.2018 by [S.I. 2018/34](#), **art. 3**

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