



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 9

PARTNERSHIPS

Miscellaneous

863 Limited liability partnerships

- (1) For income tax purposes, if a limited liability partnership carries on a trade, profession or business with a view to profit—
- (a) all the activities of the limited liability partnership are treated as carried on in partnership by its members (and not by the limited liability partnership as such),
 - (b) anything done by, to or in relation to the limited liability partnership for the purposes of, or in connection with, any of its activities is treated as done by, to or in relation to the members as partners, and
 - (c) the property of the limited liability partnership is treated as held by the members as partnership property.

References in this subsection to the activities of the limited liability partnership are to anything that it does, whether or not in the course of carrying on a trade, profession or business with a view to profit.

- (2) For all purposes, except as otherwise provided, in the Income Tax Acts—
- (a) references to a firm [^{F1}or partnership] include a limited liability partnership in relation to which subsection (1) applies,
 - (b) references to members [^{F2}or partners] of a firm [^{F3}or partnership] include members of such a limited liability partnership,
 - (c) references to a company do not include such a limited liability partnership, and

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Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 863. (See end of Document for details)

- (d) references to members of a company do not include members of such a limited liability partnership.
- (3) Subsection (1) continues to apply in relation to a limited liability partnership which no longer carries on any trade, profession or business with a view to profit—
- (a) if the cessation is only temporary, or
 - (b) during a period of winding up following a permanent cessation, provided—
 - (i) the winding up is not for reasons connected in whole or in part with the avoidance of tax, and
 - (ii) the period of winding up is not unreasonably prolonged.

This is subject to subsection (4).

- (4) Subsection (1) ceases to apply in relation to a limited liability partnership—
- (a) on the appointment of a liquidator or (if earlier) the making of a winding-up order by the court, or
 - (b) on the occurrence of any event under the law of a territory outside the United Kingdom corresponding to an event specified in paragraph (a).

Textual Amendments

- F1** Words in s. 863(2)(a) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 580\(a\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F2** Words in s. 863(2)(b) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 580\(b\)\(i\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F3** Words in s. 863(2)(b) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 580\(b\)\(ii\)](#) (with transitional provisions and savings in [Sch. 2](#))

Modifications etc. (not altering text)

- C1** S. 863 modified by 2010 c. 8, s. 259G(8) (as inserted (with effect in accordance with Sch. 10 paras. 18-21 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 10 para. 1](#))
- C2** S. 863 modified by 2010 c. 8, s. 259GE(8) (as inserted (with effect in accordance with Sch. 10 paras. 18-21 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 10 para. 1](#))

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