***Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Application of provisions to partnerships. (See end of Document for details)*

SCHEDULES

SCHEDULE 15

ACCOUNTANCY CHANGE: SPREADING OF ADJUSTMENT

PART 1

INCOME TAX

Application of provisions to partnerships

7 (1) This paragraph applies where the business is carried on by the person in partnership.

(2) The amounts chargeable to tax under this Part of this Schedule for any tax year are calculated as if the partnership were an individual resident in the United Kingdom.

(3) The person's share of the amount charged to tax is determined—

(a) for the first tax year, according to the profit-sharing arrangements for the twelve months ending immediately before the date on which the change of accounting practice was adopted;

(b) for any subsequent tax year, according to the profit-sharing arrangements for the twelve months immediately following the twelve months used to determine the person's share for the previous year.

An election under paragraph 4 (election to accelerate charge) in relation to a tax year must be made jointly by all the persons who have been members of the partnership in the relevant twelve month period and are chargeable to income tax.

(4) If paragraph 3 applies (effect of cessation of business), each partner's share of any amount charged to tax on or after the cessation is determined as follows—

(a) if the cessation occurs on the date on which the change of accounting approach was adopted, according to the profit-sharing arrangements for the twelve months ending immediately before that date;

(b) if the cessation occurs after that date, but on or before the first anniversary of that date, according to the profit-sharing arrangements for the period between that date and the date of cessation;

(c) if the cessation occurs after the first anniversary of the date on which the change of accounting approach was adopted, according to the profit-sharing arrangements for the period between the immediately preceding anniversary of that date and the date of cessation.

An election under paragraph 4 after the cessation must be made by each former partner separately.

(5) For the purposes of this paragraph “profit-sharing arrangements” means the rights of the partners to share in the profits of the business for the period in question.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Application of provisions to partnerships. (See end of Document for details)*

(6) In the case of a business carried on by a limited liability partnership the operation of this Part of this Schedule is not affected by the partnership's ceasing to be one carrying on a trade, profession or other business with a view to profit.

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Application of provisions to partnerships.