



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 4

#### LOSS RELIEF

### CHAPTER 3

#### RESTRICTIONS ON TRADE LOSS RELIEF FOR CERTAIN PARTNERS

##### *Members of LLPs*

#### **108 Meaning of “contribution to the LLP”**

- (1) For the purposes of section 107 the individual's contribution to the LLP at any time (“the relevant time”) is the sum of amounts A and B.
- (2) Amount A is the amount which the individual has contributed to the LLP as capital less so much of that amount (if any) as is within subsection (5).
- (3) In particular, the individual's share of any profits of the LLP is to be included in the amount which the individual has contributed to the LLP as capital so far as that share has been added to the LLP's capital.
- (4) In subsection (3) the reference to profits is to profits calculated in accordance with generally accepted accounting practice (before any adjustment required or authorised by law in calculating profits for income tax purposes).
- (5) An amount of capital is within this subsection if it is an amount which—
  - (a) the individual has previously drawn out or received back,
  - (b) the individual draws out or receives back during the period of 5 years beginning with the relevant time,
  - (c) the individual is or may be entitled to draw out or receive back at any time when the individual is a member of the LLP, or

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*Changes to legislation: There are currently no known outstanding effects  
for the Income Tax Act 2007, Section 108. (See end of Document for details)*

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- (d) the individual is or may be entitled to require another person to reimburse to the individual.
- (6) In subsection (5) any reference to drawing out or receiving back an amount is to doing so directly or indirectly but does not include drawing out or receiving back an amount which, because of its being drawn out or received back, is chargeable to income tax as profits of a trade.
- (7) Amount B is the amount of the individual's liability on a winding up of the LLP so far as that amount is not included in amount A.
- (8) For the purposes of subsection (7) the amount of the individual's liability on a winding up of the LLP is the amount which—
  - (a) the individual is liable to contribute to the assets of the LLP in the event of its being wound up, and
  - (b) the individual remains liable to contribute for the period of at least 5 years beginning with the relevant time (or until the LLP is wound up, if that happens before the end of that period).
- (9) This section needs to be read with <sup>F1</sup>section 113A and any regulations made under section 114 (exclusion of amounts] in calculating the individual's contribution to the LLP for the purposes of section 107).

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**Textual Amendments**

- F1** Words in s. 108(9) substituted (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 4 paras. 11\(b\), 21](#)

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**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax Act 2007, Section 108.