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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2018, PART 3. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 6

#### PARTNERSHIPS

#### PART 3

##### RETURNS: INFORMATION TO BE INCLUDED

- 6 (1) TMA 1970 is amended as follows.
- (2) In section 12AA (partnership returns) after subsection (1A) insert—
- “(1B) Where a partnership to which subsection (1) applies (“the reporting partnership”) includes a partner which is itself a partnership, references in subsections (1) and (1A) to a partner include an indirect partner in the reporting partnership.
- (1C) For the purposes of this section, a person is an indirect partner in the reporting partnership if the person is a partner in—
- (a) a partnership which is a partner in the reporting partnership, or
  - (b) any partnership which is an indirect partner in the reporting partnership by virtue of the preceding application of this subsection.”
- (3) In section 12AB (partnership statements), after subsection (1) insert—
- “(1A) Where at any time in a period mentioned in subsection (1)(a) the reporting partnership is a partner in another partnership which carries on a trade, profession or business—
- (a) income or loss that the reporting partnership accrues or sustains thereby is to be treated for the purposes of subsection (1)(a)(i) as from a source that is separate from any of its other sources of income or loss,
  - (b) consideration in respect of the disposal of partnership property that the reporting partnership accrues thereby is to be treated for the purposes of subsection (1)(a)(ia) as from a source that is separate from any of its other sources of consideration,
  - (c) income tax which has been deducted or treated as deducted from, or paid on, any income that the reporting partnership accrues thereby is to be treated for the purposes of subsection (1)(a)(ii) as being deducted or treated as deducted from, or paid on, a source of income that is separate from any of its other sources of income, and
  - (d) amounts specified in the partnership statement under subsection (1) (a) must include—
    - (i) each amount which is stated to be equal to the reporting partnership's share of income, loss, consideration or tax

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in any partnership statement made under this section in relation to the other partnership for the period for which the return is made or a period which includes that period or any part of it, and

- (ii) a statement as to which of the assumptions in subsection (1B) was applied in calculating that amount.

(1B) If at any time in a period mentioned in subsection (1)(a) the reporting partnership includes a partner which is itself a partnership (“the participating partnership”), the amounts referred to in subsection (1)(b) must be calculated and included in the partnership statement applying each of the following assumptions to the participating partnership—

- (a) that it is a UK resident individual;
- (b) that it is a non-UK resident individual;
- (c) that it is a UK resident company;
- (d) that it is a non-UK resident company.

(1C) But subsection (1D) applies if the partnership return includes—

- (a) the name of every person who was an indirect partner in the reporting partnership at any time in a period mentioned in subsection (1)(a), and
- (b) at least some of the following information—
  - (i) whether a person named under paragraph (a) is an individual, company or partnership (or something else),
  - (ii) in the case of such a person who is an individual, whether the individual was or was not resident in the United Kingdom in the year of assessment for which the partnership return is made, and
  - (iii) in the case of such a person who is a company, whether the company was or was not resident in the United Kingdom for each accounting period of the company which includes all, or any part of, a period mentioned in subsection (1)(a).

(1D) In subsection (1B)—

- (a) ignore either or both of paragraph (a) and (b) if it is apparent from information provided under subsection (1C) that none of the indirect partners of the reporting partnership is a person of a description specified in that paragraph at any time in the year of assessment for which the return is made, and
- (b) ignore either or both of paragraph (c) and (d) if it is apparent from that information that none of the indirect partners is a company of a description specified in that paragraph at any time in any of its accounting periods which include all, or any part of, a period mentioned in subsection (1)(a).”

(4) In that section, in subsection (5), at the appropriate places insert—

““indirect partner”, in relation to the reporting partnership, is to be construed in accordance with section 12AA(1C);”;

““reporting partnership” means the partnership to which the partnership statement referred to in subsection (1) relates;”.

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- (5) The amendments made by this paragraph have effect in relation to partnership returns relating to the tax year 2018-19 or any subsequent tax year.
- 7 (1) F(No.2)A 2017 is amended as follows.
- (2) In section 60, in paragraph 17 of Schedule A1 to be inserted into TMA 1970—
- (a) the existing provision becomes sub-paragraph (1);
  - (b) after that sub-paragraph insert—
- “(2) Where a partnership (“the reporting partnership”) includes a partner which is itself a partnership, references in this Schedule to a partner include an indirect partner in the reporting partnership.
- Section 12AA(1C) (meaning of “indirect partner”) applies for the purposes of this sub-paragraph.”
- (3) In Schedule 14 (amendments relating to digital reporting etc), after paragraph 10 insert—
- “10A In section 12AB(1C) (further information to be included in partnership return in certain cases), before “partnership return” insert “section 12AA ”.”

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