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SCHEDULES

SCHEDULE 15

STAMP DUTY LAND TAX: PARTNERSHIPS

[^{F1}PART 3

TRANSACTIONS TO WHICH SPECIAL PROVISIONS APPLY

Textual Amendments

- F1** Sch. 15 Pt. 3 substituted (with effect in accordance with Sch. 41 para. 3 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 41 para. 1](#)

Introduction

- 9 (1) This Part of this Schedule applies to certain transactions involving—
- (a) the transfer of a chargeable interest to a partnership (paragraph 10),
 - (b) the transfer of an interest in a partnership (paragraphs 14, 17, 31 and 32), or
 - (c) the transfer of a chargeable interest from a partnership (paragraph 18).
- (2) References in this Part of this Schedule to the transfer of a chargeable interest include—
- (a) the grant or creation of a chargeable interest,
 - (b) the variation of a chargeable interest, and
 - (c) the surrender, release or renunciation of a chargeable interest.

Transfer of chargeable interest to a partnership: general

- 10 (1) This paragraph applies where—
- (a) a partner transfers a chargeable interest to the partnership, or
 - (b) a person transfers a chargeable interest to a partnership in return for an interest in the partnership, or
 - (c) a person connected with—
 - (i) a partner, or
 - (ii) a person who becomes a partner as a result of or in connection with the transfer,transfers a chargeable interest to the partnership.

It applies whether the transfer is in connection with the formation of the partnership or is a transfer to an existing partnership.

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[^{F2}(2) The chargeable consideration for the transaction shall (subject to paragraph 13) be taken to be equal to—

$$MV \times (100SLP)\%$$

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.]

(5) Paragraph 12 provides for determining the sum of the lower proportions.

(6) Paragraph 11 applies ^{F3}... if the whole or part of the chargeable consideration for the transaction is rent.

(7) Paragraphs 6 to 8 (responsibility of partners) have effect in relation to a transaction to which this paragraph applies, but the responsible partners are—

- (a) those who were partners immediately before the transfer and who remain partners after the transfer, and
- (b) any person becoming a partner as a result of, or in connection with, the transfer.

[^{F4}(8) This paragraph has effect subject to any election under paragraph 12A.]

Textual Amendments

- F2** Sch. 15 para. 10(2) substituted for Sch. 15 para. 10(2)-(4) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 2\(1\)](#)
- F3** Words in Sch. 15 para. 10(6) repealed (with effect in accordance with [Sch. 24 para. 11\(1\)\(4\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 2\(2\)](#), [Sch. 26 Pt. 7\(2\)](#)
- F4** Sch. 15 para. 10(8) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 31 para. 5](#)

Transfer of chargeable interest to a partnership: chargeable consideration including rent

11 (1) This paragraph applies in relation to a transaction to which paragraph 10 applies where the whole or part of the chargeable consideration for the transaction is rent.

[^{F5}(2) Schedule 5 (amount of tax chargeable: rent) has effect with the modifications set out in sub-paragraphs (2A) to (2C).

(2A) In paragraph 2—

- (a) for “the net present value of the rent payable over the term of the lease” substitute “ the relevant chargeable proportion of the net present value of the rent payable over the term of the lease ”, and
- (b) for “the net present values of the rent payable over the terms of all the leases” substitute “ the relevant chargeable proportions of the net present values of the rent payable over the terms of all the leases ”.

(2B) In paragraph [^{F6}9A(6)] —

- (a) for “the annual rent” substitute “ the relevant chargeable proportion of the annual rent ”, and
- (b) for “the total of the annual rents” substitute “ the relevant chargeable proportion of the total of the annual rents ”.

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(2C) For paragraph 9(4) substitute—

“(4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 as it has effect by virtue of paragraph 10 of Schedule 15.”.

(2D) For the purposes of sub-paragraphs (2A) and (2B) the relevant chargeable proportion is—

(100SLP)%
where SLP is the sum of the lower proportions.]

(8) Paragraph 12 provides for determining the sum of the lower proportions.

(9) This paragraph is subject to paragraph 13.

Textual Amendments

F5 Sch. 15 para. 11(2)-(2D) substituted for Sch. 15 para. 11(2)-(7) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 3](#)

F6 Word in Sch. 15 para. 11(2B)(a) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 95\(11\)\(a\)](#)

Transfer of chargeable interest to a partnership: sum of the lower proportions

12 (1) The sum of the lower proportions in relation to a transaction to which paragraph 10 applies is determined as follows:—

Step One

Identify the relevant owner or owners.

A person is a relevant owner if—

- (a) immediately before the transaction, he was entitled to a proportion of the chargeable interest, and
- (b) immediately after the transaction, he is a partner or connected with a partner.

Step Two

For each relevant owner, identify the corresponding partner or partners.

A person is a corresponding partner in relation to a relevant owner if, immediately after the transaction—

- (a) he is a partner, and
- (b) he is the relevant owner [^{F7}or is an individual connected with the relevant owner].

[^{F8}(If there is no relevant owner with a corresponding partner, the sum of the lower proportions is nil.)]

Step Three

For each relevant owner, find the proportion of the chargeable interest to which he was entitled immediately before the transaction.

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Apportion that proportion between any one or more of the relevant owner's corresponding partners.

Step Four

Find the lower proportion for each person who is a corresponding partner in relation to one or more relevant owners.

The lower proportion is—

- (a) the proportion of the chargeable interest attributable to the partner, or
- (b) if lower, the partner's partnership share immediately after the transaction.

The proportion of the chargeable interest attributable to the partner is—

- (i) if he is a corresponding partner in relation to only one relevant owner, the proportion (if any) of the chargeable interest apportioned to him (at Step Three) in respect of that owner;
- (ii) if he is a corresponding partner in relation to more than one relevant owner, the sum of the proportions (if any) of the chargeable interest apportioned to him (at Step Three) in respect of each of those owners.

Step Five

Add together the lower proportions of each person who is a corresponding partner in relation to one or more relevant owners.

The result is the sum of the lower proportions.

- (2) For the purposes of this paragraph persons who are entitled to a chargeable interest as beneficial joint tenants (or, in Scotland, as joint owners) shall be taken to be entitled to the chargeable interest as beneficial tenants in common (or, in Scotland, as owners in common) in equal shares.
- [^{F9}(3) For the purpose of paragraph (b) of Step 2 a company is to be treated as an individual connected with the relevant owner in so far as it—
 - (a) holds property as trustee, and
 - (b) is connected with the relevant owner only because of section 839(3) of the Taxes Act 1988.]

Textual Amendments

- F7** Words in Sch. 15 para. 12(1) substituted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 72\(3\)\(a\)](#) (with [s. 72\(2\)\(16\)\(17\)](#))
- F8** Words in Sch. 15 para. 12(1) inserted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 72\(3\)\(b\)](#) (with [s. 72\(2\)\(16\)\(17\)](#))
- F9** Sch. 15 para. 12(3) inserted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 72\(4\)](#) (with [s. 72\(2\)\(16\)\(17\)](#))

Election by property-investment partnership to disapply paragraph 10

[^{F10}12A(1) Paragraph 10 does not apply to a transfer of a chargeable interest to a property-investment partnership if the purchaser in relation to the transaction elects for that paragraph not to apply.

- (2) Where an election under this paragraph is made in respect of a transaction—

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- (a) paragraph 18 (if relevant) is also disappplied,
 - (b) the chargeable consideration for the transaction shall be taken to be the market value of the chargeable interest transferred, and
 - (c) the transaction falls within Part 2 of this Schedule.
- (3) An election under this paragraph must be included in the land transaction return made in respect of the transaction or in an amendment of that return.
- (4) Such an election is irrevocable and a land transaction return may not be amended so as to withdraw the election.
- (5) Where an election under this paragraph in respect of a transaction (the “main transaction”) is made in an amendment of a land transaction return—
- (a) the election has effect as if it had been made on the date on which the land transaction return was made, and
 - (b) any land transaction return in respect of an affected transaction may be amended (within the period allowed for amendment of that return) to take account of that election.
- (6) In sub-paragraph (5) “affected transaction”, in relation to the main transaction, means a transaction—
- (a) to which paragraph 14 applied, and
 - (b) with an effective date on or after the effective date of the main transaction.
- (7) In this paragraph “property-investment partnership” has the meaning given in paragraph 14(8).]

Textual Amendments

F10 Sch. 15 para. 12A and cross-heading inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 6** (with [Sch. 31 para. 11](#))

Transfer of chargeable interest to a partnership consisting wholly of bodies corporate

^{F11}13

Textual Amendments

F11 Sch. 15 para. 13 repealed (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(5), **Sch. 27 Pt. 4(1)** (with s. 72(2)(16)(17))

[^{F12}Transfer ^{F13}... of interest in property-investment partnership]

- 14 (1) This paragraph applies where—
- (a) there is a transfer of an interest in a [^{F14}property-investment] partnership,
 - ^{F15}(b)
 - (c) the relevant partnership property includes a chargeable interest.
- (2) The transfer—
- (a) shall be taken for the purposes of this Part to be a land transaction;
 - (b) is a chargeable transaction.

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- (3) The purchaser under the transaction is the person who acquires an increased partnership share or, as the case may be, becomes a partner in consequence of the transfer.
- [^{F16}(3A) A transfer to which this paragraph applies is a Type A transfer if it takes the form of arrangements entered into under which—
- (a) the whole or part of a partner's interest as partner is acquired by another person (who may be an existing partner), and
 - (b) consideration in money or money's worth is given by or on behalf of the person acquiring the interest.
- (3B) A transfer to which this paragraph applies is also a Type A transfer if it takes the form of arrangements entered into under which—
- (a) a person becomes a partner,
 - (b) the interest of an existing partner in the partnership is reduced or an existing partner ceases to be a partner, and
 - (c) there is a withdrawal of money or money's worth from the partnership by the existing partner mentioned in paragraph (b) (other than money or money's worth paid from the resources available to the partnership prior to the transfer).
- (3C) Any other transfer to which this paragraph applies is a Type B transfer.]
- ^{F15}(4)
- (5) The “relevant partnership property”, in relation to [^{F17}a Type A transfer] of an interest in a partnership, is every chargeable interest held as partnership property immediately after the transfer, other than—
- (a) any [^{F18}chargeable] interest that was transferred to the partnership in connection with the transfer;
 - (b) a lease to which paragraph 15 (exclusion of market rent leases) applies [^{F19}, and
 - (c) any chargeable interest that is not attributable economically to the interest in the partnership that is transferred.]
- [^{F20}(5A) The “relevant partnership property”, in relation to a Type B transfer of an interest in a partnership, is every chargeable interest held as partnership property immediately after the transfer, other than—
- (a) any chargeable interest that was transferred to the partnership in connection with the transfer,
 - (b) a lease to which paragraph 15 (exclusion of market rent leases) applies,
 - (c) any chargeable interest that is not attributable economically to the interest in the partnership that is transferred,
 - (d) any chargeable interest that was transferred to the partnership on or before 22 July 2004,
 - (e) any chargeable interest in respect of whose transfer to the partnership an election has been made under paragraph 12A, and
 - (f) any other chargeable interest whose transfer to the partnership did not fall within paragraph 10(1)(a), (b) or (c).]
- (6) The chargeable consideration for the transaction shall be taken to be equal to a proportion of the market value of the relevant partnership property.

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(7) That proportion is—

- (a) if the person acquiring the interest in the partnership was not a partner before the transfer, his partnership share immediately after the transfer;
- (b) if he was a partner before the transfer, the difference between his partnership share before and after the transfer.

[^{F21}(8) In this paragraph—

“property-investment partnership” means a partnership whose sole or main activity is investing or dealing in chargeable interests (whether or not that activity involves the carrying out of construction operations on the land in question);

“construction operations” has the same meaning as in Chapter 3 of Part 3 of the Finance Act 2004 (see section 74 of that Act).]

[^{F22}(9) An interest in respect of the transfer of which this paragraph applies shall be treated as a chargeable interest for the purposes of paragraph 3(1) of Schedule 7 to the extent that the relevant partnership property consists of a chargeable interest.]

Textual Amendments

- F12** Sch. 15 para. 14 heading substituted (with effect in accordance with Sch. 24 para. 11(2)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 24 para. 9(1)**
- F13** Words in Sch. 15 para. 14 cross-heading repealed (with effect in accordance with s. 72(13)(14) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(6)(b), **Sch. 27 Pt. 4(1)** (with s. 72(2)(16)(17))
- F14** Word in Sch. 15 para. 14(1)(a) inserted (with effect in accordance with Sch. 24 para. 11(2)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 24 para. 9(2)**
- F15** Sch. 15 para. 14(4) repealed (with effect in accordance with s. 72(13)(14) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(6)(a), **Sch. 27 Pt. 4(1)** (with s. 72(2)(16)(17))
- F16** Sch. 15 para. 14(3A)-(3C) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(2)**
- F17** Words in Sch. 15 para. 14(5) substituted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(3)(a)**
- F18** Word in Sch. 15 para. 14(5)(a) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(3)(b)**
- F19** Sch. 15 para. 14(5)(c) and word inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(3)(c)**
- F20** Sch. 15 para. 14(5A) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(4)**
- F21** Sch. 15 para. 14(8) inserted (with effect in accordance with Sch. 24 para. 11(2)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 24 para. 9(3)**
- F22** Sch. 15 para. 14(9) inserted (with effect in accordance with s. 72(13)(14) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(6)(b) (with s. 72(2)(16)(17))

Exclusion of market rent leases

- 15 (1) A lease held as partnership property immediately after a transfer of an interest in the partnership is not relevant partnership property for the purposes of paragraph 14(5) [^{F23}or (5A)] if the following four conditions are met.
- (2) The first condition is that—

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- (a) no chargeable consideration other than rent has been given in respect of the grant of the lease, and
 - (b) no arrangements are in place at the time of the transfer for any chargeable consideration other than rent to be given in respect of the grant of the lease.
- (3) The second condition is that the rent payable under the lease as granted was a market rent at the time of the grant.
- (4) The third condition is that—
- (a) the term of the lease is 5 years or less, or
 - (b) if the term of the lease is more than 5 years—
 - (i) the lease provides for the rent payable under it to be reviewed at least once in every 5 years of the term, and
 - (ii) the rent payable under the lease as a result of a review is required to be a market rent at the review date.
- (5) The fourth condition is that there has been no change to the lease since it was granted which is such that, immediately after the change has effect, the rent payable under the lease is less than a market rent.
- (6) The market rent of a lease at any time is the rent which the lease might reasonably be expected to fetch at that time in the open market.
- (7) A review date is a date from which the rent determined as a result of a rent review is payable.

Textual Amendments

F23 Words in Sch. 15 para. 15(1) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 31 para. 2](#)

Partnership interests: application of provisions about exchanges etc.

- 16 (1) Where paragraph 5 of Schedule 4 (exchanges) applies to the acquisition of an interest in a partnership in consideration of entering into a land transaction with an existing partner, the interest in the partnership shall be treated as a major interest in land for the purposes of that paragraph if the relevant partnership property includes a major interest in land.
- (2) In sub-paragraph (1) “relevant partnership property” has the meaning given by paragraph 14(5) [^{F24}or (5A) (as appropriate)].
- (3) The provisions of paragraph 6 of Schedule 4 (partition etc: disregard of existing interest) do not apply where this paragraph applies.

Textual Amendments

F24 Words in Sch. 15 para. 16(2) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 31 para. 3](#)

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Transfer of partnership interest pursuant to earlier arrangements

- 17 (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 (a), (b) or (c) of paragraph 10(1);
 - (c) there is subsequently a transfer of an interest in the partnership (“the partnership transfer”);
 - (d) the partnership transfer is made—
 - (i) if the land transfer falls within paragraph 10(1)(a) or (b), by the person who makes the land transfer;
 - (ii) if the land transfer falls within paragraph 10(1)(c), by the partner concerned;
 - (e) the partnership transfer is made pursuant to arrangements that were in place at the time of the land transfer;
 - (f) the partnership transfer is not (apart from this paragraph) a chargeable transaction.
- (2) The partnership transfer—
- (a) shall be taken for the purposes of this Part to be a land transaction;
 - (b) is a chargeable transaction.
- (3) The partners shall be taken to be the purchasers under the transaction.
- (4) The chargeable consideration for the transaction shall be taken to be equal to a proportion of the market value, as at the date of the transaction, of the interest transferred by the land transfer.
- (5) That proportion is—
- (a) if the person making the partnership transfer is not a partner immediately after the transfer, his partnership share immediately before the transfer;
 - (b) if he is a partner immediately after the transfer, the difference between his partnership share before and after the transfer.
- (6) The partnership transfer and the land transfer shall be taken to be linked transactions.
- (7) Paragraphs 6 to 8 (responsibility of partners) have effect in relation to the partnership transfer, but the responsible partners are—
- (a) those who were partners immediately before the transfer and who remain partners after the transfer, and
 - (b) any person becoming a partner as a result of, or in connection with, the transfer.]

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