



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IV

PROVISIONS RELATING TO THE SCHEDULE D CHARGE

CHAPTER VII

PARTNERSHIPS AND SUCCESSIONS

[^{F1}Non-active general partners and non-active members of limited liability partnerships

[^{F1}118ZG^GThe individual's contribution to the trade^B]

- (1) For the purposes of section 118ZE(2), the individual's contribution to the trade at any time ("the relevant time") is the sum of—
 - (a) the amount subscribed by him,
 - (b) the amount of any profits of the trade to which he is entitled but which he has not received in money or money's worth, and
 - (c) where there is a winding up, the amount that he has contributed to the assets of the partnership on its winding up.
- (2) For the purposes of subsection (1)(a) the "amount subscribed" by an individual is the sum of—
 - (a) the total amount (if any) contributed by him to the trade as capital on or after 10 February 2004, reduced (but not below nil) by his withdrawn capital, and
 - (b) the total amount (if any) contributed by him to the trade as capital before 10 February 2004, reduced (but not below nil) by—
 - (i) the pre-announcement allowance (within the meaning given by section 118ZJ),
 - (ii) the aggregate of any amounts given to him at any time under section ^{F2} . . . 380 or 381 in respect of a loss sustained by him in a trade ^{F2} . . . in a year of assessment falling within subsection (3), and

Status: Point in time view as at 02/12/2004. This version of this provision has been superseded.

Changes to legislation: Income and Corporation Taxes Act 1988, Section 118ZG is up to date with all changes known to be in force on or before 19 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (iii) the amount (if any) of his withdrawn capital that has not been used in the reduction to nil required by paragraph (a).
- (3) A year of assessment falls within this subsection if—
- (a) it does not fall within section 118ZE(3)(d), and
 - (b) it is either—
 - (i) a year of assessment that would be a qualifying year of assessment but for section 118ZE(3)(d), or
 - (ii) a year of assessment at any time during which the individual carried on the trade as a member of a limited liability partnership or as a limited partner within the meaning given by section 117(2).
- (4) The individual’s “withdrawn capital” is so much, if any, of the amount that he has contributed to the trade as capital as—
- (a) he has previously, directly or indirectly, drawn out or received back,
 - (b) he so draws out or receives back during the period of five years beginning with the relevant time,
 - (c) he is or may be entitled so to draw out or receive back at any time when he carries on the trade as a member of the partnership, or
 - (d) he is or may be entitled to require another person to reimburse to him.
- (5) An amount drawn out or received back that would otherwise fall within subsection (4) (a) or (b), or an entitlement that would otherwise fall within subsection (4)(c), shall be treated as not so falling if the amount drawn out or received back is chargeable to income tax as profits of the trade.
- (6) In relation to a member of a limited liability partnership, references in this section to an amount contributed to the trade as capital shall be read as references to an amount contributed to the limited liability partnership as capital.]
- [^{F3}(7) This section is subject to provision made by regulations under section 118ZN (partners: meaning of “contribution to the trade”).]

Textual Amendments

- F1** Ss. 118ZE-118ZK and preceding cross-heading inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [s. 124\(1\)](#)
- F2** Words in [s. 118ZG\(2\)\(b\)\(ii\)](#) repealed (retrospective to 2.12.2004 with effect in accordance with [s. 72\(7\)-\(11\)](#) of the repealing Act) by [Finance Act 2005 \(c. 7\)](#), [s. 72\(5\)\(12\)](#), [Sch. 11 Pt. 2\(4\)](#), Note
- F3** [S. 118ZG\(7\)](#) added (retrospective to 2.12.2004) by [Finance Act 2005 \(c. 7\)](#), [s. 73\(4\)\(5\)](#)

Status:

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