



# Finance Act 2007

## 2007 CHAPTER 11

### PART 5 U.K.

#### SDLT, STAMP DUTY AND SDRT

##### *SDLT: anti-avoidance provisions*

### 72 Partnerships U.K.

- (1) Schedule 15 to FA 2003 (stamp duty land tax: partnerships) is amended as follows.
- (2) A reference in this section to a provision of that Schedule is to the provision as it had effect before variation by the Stamp Duty Land Tax (Variation of the Finance Act 2003) Regulations 2006.
- (3) In Step Two of paragraph 12(1) (transfer to partnership: how to calculate the “sum of the lower proportions”)—
  - (a) in paragraph (b), for “or is connected with the relevant owner” substitute “ or is an individual connected with the relevant owner ”, and
  - (b) insert at the end— “ (If there is no relevant owner with a corresponding partner, the sum of the lower proportions is nil.) ”
- (4) In paragraph 12, after sub-paragraph (2) insert—
  - “(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.”
- (5) Omit paragraph 13 (transfer to partnership where all partners are companies).
- (6) In paragraph 14 (transfer of interest in property-investment partnership)—
  - (a) omit sub-paragraphs (1)(b) and (4), and
  - (b) insert at the end—

*Status: Point in time view as at 13/08/2009.*

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- “(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.”,  
and in the italic cross-heading before it, omit “*for consideration*”.
- (7) In Step Two of paragraph 20(1) (transfer from partnership: how to calculate the “sum of the lower proportions”)—
- (a) in paragraph (b), for “or was connected with the relevant owner” substitute “or was an individual connected with the relevant owner”, and
  - (b) insert at the end— “ (If there is no relevant owner with a corresponding partner, the sum of the lower proportions is nil.) ”
- (8) In paragraph 20, after sub-paragraph (2) insert—
- “(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.”
- (9) After paragraph 27 insert—
- “27A
- (1) This paragraph applies where in calculating the sum of the lower proportions in relation to a transaction (in accordance with paragraph 12)—
    - (a) a company (“the connected company”) would have been a corresponding partner of a relevant owner (“the original owner”) but for the fact that paragraph (b) of Step Two includes connected persons only if they are individuals, and
    - (b) the connected company and the original owner are members of the same group.
  - (2) The charge in respect of the transaction shall be reduced to the amount that would have been payable had the connected company been a corresponding partner of the original owner for the purposes of calculating the sum of the lower proportions.
  - (3) The provisions of Part 1 of Schedule 7 apply to group relief under sub-paragraph (2) above as to group relief under paragraph 1(1) of Schedule 7, but—
    - (a) with the omission of paragraph 2(2)(a),
    - (b) with the substitution for “the purchaser” in paragraph 3(1)(a) of “a partner who was, at the effective date of the transaction, a partner and a member of the same group as the transferor (“the relevant partner”)”, and
    - (c) with the other modifications specified in paragraph 27(3) to (6) above.”
- (10) For paragraph 36 substitute—

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“36 For the purposes of this Part of this Schedule, where a person acquires or increases a partnership share there is a transfer of an interest in the partnership (to that partner and from the other partners).”

(11) In paragraph 39 (“connected persons”), insert at the end—

“(3) As applied by sub-paragraph (1) for the purposes of paragraph 12 or 20, that section has effect with the omission of subsection (3)(c) (trustee connected with settlement).”

(12) In Schedule 16 to FA 2003 (trusts and powers)—

- (a) in paragraph 3(1) (bare trust), after “a chargeable interest” insert “ or an interest in a partnership ”, and
- (b) in paragraph 4 (trustees of settlement), after “a chargeable interest” insert “ or an interest in a partnership ”.

(13) The amendments made by subsections (1) to (11) have effect in respect of transfers occurring on or after the day on which this Act is passed.

<sup>F1</sup>(14) .....

(15) The amendment made by subsection (12) has effect in respect of acquisitions occurring on or after the day on which this Act is passed.

(16) An amendment made by this section replaces, to the extent provided for by subsections (13) to (15), any variation made by the Stamp Duty Land Tax (Variation of the Finance Act 2003) Regulations 2006 (S.I. 2006/3237).

(17) Despite subsections (13) to (16), the transitional provisions of sub-paragraphs (8) to (10) of paragraph 2 of the Schedule to the Stamp Duty Land Tax (Variation of the Finance Act 2003) Regulations 2006 (S.I. 2006/3237) continue to have effect in relation to the amendments made by this section as in relation to that paragraph.

**Textual Amendments**

**F1** S. 72(14) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 31 para. 10](#)

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