



Limited Liability Partnerships Act 2000

2000 CHAPTER 12

Taxation

10 Income tax and chargeable gains.

^{F1}(1)

^{F2}(2)

(3) In the ^{M1}Taxation of Chargeable Gains Act 1992, after section 59 insert—

“59A Limited liability partnerships.

(1) Where a limited liability partnership carries on a trade or business with a view to profit—

(a) assets held by the limited liability partnership shall be treated for the purposes of tax in respect of chargeable gains as held by its members as partners, and

(b) any dealings by the limited liability partnership shall be treated for those purposes as dealings by its members in partnership (and not by the limited liability partnership as such),

and tax in respect of chargeable gains accruing to the members of the limited liability partnership on the disposal of any of its assets shall be assessed and charged on them separately.

(2) Where subsection (1) ceases to apply in relation to a limited liability partnership with the effect that tax is assessed and charged—

(a) on the limited liability partnership (as a company) in respect of chargeable gains accruing on the disposal of any of its assets, and

(b) on the members in respect of chargeable gains accruing on the disposal of any of their capital interests in the limited liability partnership,

it shall be assessed and charged on the limited liability partnership as if subsection (1) had never applied in relation to it.

Changes to legislation: There are currently no known outstanding effects for the Limited Liability Partnerships Act 2000, Cross Heading: Taxation. (See end of Document for details)

- (3) Neither the commencement of the application of subsection (1) nor the cessation of its application in relation to a limited liability partnership is to be taken as giving rise to the disposal of any assets by it or any of its members.”
- (4) After section 156 of that Act insert—

“156A Cessation of trade by limited liability partnership.

- (1) Where, immediately before the time of cessation of trade, a member of a limited liability partnership holds an asset, or an interest in an asset, acquired by him for a consideration treated as reduced under section 152 or 153, he shall be treated as if a chargeable gain equal to the amount of the reduction accrued to him immediately before that time.
- (2) Where, as a result of section 154(2), a chargeable gain on the disposal of an asset, or an interest in an asset, by a member of a limited liability partnership has not accrued before the time of cessation of trade, the member shall be treated as if the chargeable gain accrued immediately before that time.
- (3) In this section “the time of cessation of trade”, in relation to a limited liability partnership, means the time when section 59A(1) ceases to apply in relation to the limited liability partnership.”

Textual Amendments

- F1** S. 10(1) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F2** S. 10(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Marginal Citations

- M1** 1992 c. 12.

11 Inheritance tax.

In the ^{M2}Inheritance Tax Act 1984, after section 267 insert—

“267A Limited liability partnerships.

For the purposes of this Act and any other enactments relating to inheritance tax—

- (a) property to which a limited liability partnership is entitled, or which it occupies or uses, shall be treated as property to which its members are entitled, or which they occupy or use, as partners,
- (b) any business carried on by a limited liability partnership shall be treated as carried on in partnership by its members,
- (c) incorporation, change in membership or dissolution of a limited liability partnership shall be treated as formation, alteration or dissolution of a partnership, and
- (d) any transfer of value made by or to a limited liability partnership shall be treated as made by or to its members in partnership (and not by or to the limited liability partnership as such).”

Marginal Citations

M2 1984 c. 51.

12 Stamp duty.

- (1) Stamp duty shall not be chargeable on an instrument by which property is conveyed or transferred by a person to a limited liability partnership in connection with its incorporation within the period of one year beginning with the date of incorporation if the following two conditions are satisfied.
- (2) The first condition is that at the relevant time the person—
 - (a) is a partner in a partnership comprised of all the persons who are or are to be members of the limited liability partnership (and no-one else), or
 - (b) holds the property conveyed or transferred as nominee or bare trustee for one or more of the partners in such a partnership.
- (3) The second condition is that—
 - (a) the proportions of the property conveyed or transferred to which the persons mentioned in subsection (2)(a) are entitled immediately after the conveyance or transfer are the same as those to which they were entitled at the relevant time, or
 - (b) none of the differences in those proportions has arisen as part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to any duty or tax.
- (4) For the purposes of subsection (2) a person holds property as bare trustee for a partner if the partner has the exclusive right (subject only to satisfying any outstanding charge, lien or other right of the trustee to resort to the property for payment of duty, taxes, costs or other outgoings) to direct how the property shall be dealt with.
- (5) In this section “the relevant time” means—
 - (a) if the person who conveyed or transferred the property to the limited liability partnership acquired the property after its incorporation, immediately after he acquired the property, and
 - (b) in any other case, immediately before its incorporation.
- (6) An instrument in respect of which stamp duty is not chargeable by virtue of subsection (1) shall not be taken to be duly stamped unless—
 - (a) it has, in accordance with section 12 of the ^{M3}Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty or that it is duly stamped, or
 - (b) it is stamped with the duty to which it would be liable apart from that subsection.

Marginal Citations

M3 1891 c. 39.

Changes to legislation: There are currently no known outstanding effects for the Limited Liability Partnerships Act 2000, Cross Heading: Taxation. (See end of Document for details)

13 Class 4 national insurance contributions.

In section 15 of the ^{M4}Social Security Contributions and Benefits Act 1992 and section 15 of the ^{M5}Social Security Contributions and Benefits (Northern Ireland) Act 1992 (Class 4 contributions), after subsection (3) insert—

“(3A) Where income tax is (or would be) charged on a member of a limited liability partnership in respect of profits or gains arising from the carrying on of a trade or profession by the limited liability partnership, Class 4 contributions shall be payable by him if they would be payable were the trade or profession carried on in partnership by the members.”

Marginal Citations

M4 1992 c. 4.

M5 1992 c. 7.

Changes to legislation:

There are currently no known outstanding effects for the Limited Liability Partnerships Act 2000, Cross Heading: Taxation.