

Application to partnerships. ITA67 s275; CTA76 s21(1) and Sch1 par31 293.—(1) (a) Where, after the setting up and on or before the permanent discontinuance of a trade which at any time is carried on in partnership, any event occurs which gives rise or may give rise to a balancing allowance or balancing charge in respect of machinery or plant—

(i) any balancing allowance or balancing charge which, if the trade had at all times been carried on by one and the same person, would have been made to or on that person in respect of that machinery or plant by reason of that event shall, subject to section 1010, be made to or on the person or persons carrying on the trade in the chargeable period related to that event (in this paragraph referred to as “the relevant person or persons”), and

(ii) the amount of any such allowance or charge shall be computed as if the relevant person or persons had at all times been carrying on the trade and as if everything done to or by the predecessors of the relevant person or persons in the carrying on of the trade had been done to or by the relevant person or persons.

(b) Notwithstanding paragraph (a), in applying section 288 (4) to any balancing charge to be made in accordance with that paragraph, the allowances made in respect of the machinery or plant for the year beginning on the 6th day of April, 1959, or for any earlier year of assessment shall not be taken to include allowances made to, or attributable to the shares of, persons who were not, either alone or in partnership with other persons, carrying on the trade at the beginning of the year beginning on the 6th day of April, 1959.

(2) (a) In this subsection, “several trade” has the meaning assigned to it by section 1008.

(b) In taxing the several trade of any partner in a partnership, the same allowances and charges shall be made in respect of machinery or plant used for the purposes of that trade, and belonging to one or more of the partners but not being partnership property, as would be made if the machinery or plant had at all material times belonged to all the partners and been partnership property and everything done by or to any of the partners in relation to the machinery or plant had been done by or to all the partners.

(3) Notwithstanding section 288, a sale or gift of machinery or plant used for the purposes of a trade carried on in partnership, being a sale or gift by one or more of the partners to one or more of the partners, shall not be treated as an event giving rise to a balancing allowance or balancing charge if the machinery or plant continues to be used after the sale or gift for the purposes of that trade.

(4) References in subsections (2) and (3) to use for the purposes of a trade do not include references to use in pursuance of a letting by the partner or partners in question to the partnership or to use in consideration of the making to the partner or partners in question of any payment which may be deducted in computing under section 1008 (3) the profits or gains of the trade.