HMRC - CH84720 - Partnerships And SA

You must check the date from which these rules apply for the tax or duty you are dealing with. See You must check the date from which these rules apply for the tax or duty you are dealing with. See for full details.

Partnerships are responsible, through the nominated partner, for returning information relating to the partnership business.

This information includes

the profits for any period of account

the capital allowances claimed for that period, and

details of the profit allocation in force for that period.

However, for the purposes of assessment and payment of tax, partnerships are not treated as a legal entity separate and distinct from the individual persons making up the partnership. Each partner is taxed on a share of the partnership profits as if the partnership did not exist.

This treatment applies to all partnerships including a Limited Liability Partnership (LLP) that carries on a trade or business with a view to profit. Where the LLP does not carry on a trade or business with a view to profit, it will be taxed as a company or body corporate, see CH84620.

There are no partnership assessments under SA. Instead each partner is allocated a share of the partnership profits or losses. Those profits or losses are treated as if they had arisen to the partner as a person in business.

The partnership is not responsible for paying the tax on the partnership profits. Each partner is solely responsible for the tax due on their share. Partners who are individuals will pay income tax. Partners that are companies will pay corporation tax.

So, each individual partner is required to include their share of any partnership profits in their own returns of total income and in their own self assessments.

For pre-SA and transitional years, see EM4825.

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