HMRC - STSM092050 - Partnerships: Dissolution Of A Partnership

A dissolution of a partnership takes place whenever a partner leaves the partnership, as well as in the obvious case where a partnership ceases altogether. The distribution of stock or marketable securities on the dissolution of a partnership will generally not give rise to stamp duty if the distribution is in line with partnership interests of the partners. This is because the distribution would not constitute a transfer on sale. However, stamp duty could arise, for example, (a) if the distribution is made in satisfaction of a debt of the partnership to the relevant partner or (b) if the partner assumes a liability in consideration of the transfer. In case (b), HMRC allow the liquid assets of the partnership to be set off against any unsecured trade liabilities assumed when calculating the consideration.

There are a number of instructive cases regarding whether or not stamp duty is payable on a document which dissolves a partnership in including Macleod v IRC (1885) 22SLR674 and Garnett v IRC (1899) 81LT633.

Previous page

Next page