

i Contacts

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Contents

Partnership details	FPN 2
Your share of the partnership's trading or professional profits	FPN 3
Your share of the partnership's trading or professional losses	FPN 6
Class 4 National Insurance contributions (NICs)	FPN 7
Your share of the partnership's untaxed income	FPN 7
Untaxed savings income	FPN 8
Income from UK property	FPN 8
Loss on UK or EEA furnished holiday lettings	FPN 10
Other untaxed UK income	FPN 10
Income from offshore funds	FPN 11
Other untaxed foreign income	FPN 11
Total untaxed income	FPN 12
Your share of the partnership's taxed income	FPN 12
Your share of the partnership's tax paid and deductions	FPN 13
Changing between self-employment and partnership	FPN 14
Other information	FPN 14
Glossary	FPN 15

Who should complete the *Partnership (full)* pages?

If, at any time during the 2010–11 tax year, you were entitled to a share of profits, losses or income from a business which you carried on in partnership, then you must fill in either the *Partnership (short)* or *Partnership (full)* pages. Technical terms, which are explained in the glossary at the end of the notes, are written in italics. If you need help, ask us or your tax adviser.

You are jointly responsible, with your partners, for completing the Partnership Tax Return for 2010–11. If the Partnership Tax Return is not sent back in time, each partner who was a member of the partnership during the return period may be charged a £100 automatic initial penalty.

The Partnership Statement

The Partnership Tax Return includes a summary of the share of profits, losses or income allocated to you during any period for which you were a member of the partnership. This summary is called the 'Partnership Statement' and you should use the information in that Statement to complete your *Partnership* pages.

There are two types of Statement:

- a 'short', or abbreviated, version for partnerships that only have trading income, and taxed bank or building society interest (or alternative finance receipts), and
- a 'full', unabridged, version covering all the possible types of partnership income you might receive.

Completing the *Partnership (full)* pages

Most partnerships will only need to complete the short Partnership Statement. If your partnership has completed this, you only need to complete the *Partnership (short)* pages. However, if your partnership completes the full Partnership Statement, you should complete the *Partnership (full)* pages.

If you were a member of more than one partnership, or the partnership carried on more than one business, there will be separate Partnership Statements:

- for each partnership of which you were a member, and
- for each business if the partnership carried on more than one business.

In these circumstances you must complete a set of the relevant *Partnership* pages for each partnership and/or business. Either photocopy blank pages you already have or ask the SA Orderline for more copies. If you use photocopies, please put your name and Unique Tax Reference at the top. You should also ask the SA Orderline for Helpsheet 220 *More than one business*.

Do not give details of your share of the proceeds from the disposal of partnership chargeable assets (for example, shares or property) in these pages. Put details in the *Capital gains summary* pages instead, unless:

- the total value of all the assets you disposed of in 2010–11 (through the partnership or otherwise) is no more than £40,400, and
- your total chargeable gains do not exceed £10,100, in which case no tax will be due.

See page TRG 5 of your tax return guide for more information.

Usually you will need to complete the *Partnership* pages if you were a partner during the year ended 5 April 2011 and the *Self-employment* pages if you were self-employed during that period. Where you carried on the same business during the year, but you were self-employed for part of the year and in partnership for part, follow the guidance in the ‘Changing between self-employment and partnership’ section on page FPN 14.

Partnership details

Box 1 *Partnership reference number*

Make sure you complete these boxes for each set of pages you fill in. Enter the partnership tax reference in box 1 from the Partnership Tax Return. If you are a partner in a foreign partnership, you will not have a partnership reference so in this circumstance enter your own Unique Taxpayer Reference (UTR) number in box 1.

Box 2 *Description of partnership trade or profession*

Describe the partnership’s *trade* or profession, not the name of the firm, in box 2.

Boxes 3 and 4 *Date of joining or leaving*

If you became a partner after 5 April 2010, you should enter the date you joined the partnership in box 3. If you stopped being a partner before 6 April 2011, you should enter the date you left the partnership in box 4. Leave these boxes blank if you have changed from self-employment to partnership or partnership to self-employment during 2010–11.

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Your share of the partnership's trading or professional profits

Boxes 5 and 6 *Basis period*

You pay tax for 2010–11 on the profits, and claim relief for losses, of your *basis period*. After the first one or two years as a partner, your *basis period* will be the same as the partnership's *accounting period*, unless the partnership changes its accounting date. For example, if the partnership's accounting date is 31 December and you became a partner on 1 January 2009, your *basis period* for 2010–11 is the 12 months from 1 January 2010 to 31 December 2010.

However, in the first year or two as a partner, or when you leave the partnership, your *basis period* may not be the same as the partnership's *accounting period*. Full details of the rules used to work out your *basis period* are in Helpsheet 222 *How to calculate your taxable profits*.

Enter the date on which your *basis period* for 2010–11 started in box 5 and the date on which it ended in box 6.

Boxes 7 and 8 *Basis period adjustment*

If your *basis period* is the same as the partnership's *accounting period*, enter your share of the partnership's profit or loss in box 7 (enter a loss by putting a minus sign (–) in the shaded box next to the £ sign) and ignore box 8.

In any other case, you will need to work out the profit or loss of your *basis period* and then compare this with your share of the profit or loss for the partnership's *accounting period* ending in 2010–11 entered in box 7.

If no *accounting period* ends in 2010–11, enter in box 7 your share of the partnership's profits or loss for the period 6 April 2010 to 5 April 2011. Enter in box 8 the adjustment needed, that is, the amount to be added to or subtracted from the figure in box 7, to arrive at the profit or loss for the *basis period*. Helpsheet 222 *How to calculate your taxable profits* explains how to work out the adjustment. If the adjustment is an amount which needs to be subtracted from box 7, put a minus sign (–) in the shaded box next to the £ sign and subtract the adjustment in arriving at your total taxable profit.

Example

The partnership prepares its accounts to 30 September each year. Partner A became a partner on 1 July 2010. Partner A's allocation of the partnership profit is:

- period to 30 September 2010 £15,000
- year ended 30 September 2011 £60,000

Partner A's *basis period* for 2010–11 is 1 July 2010 to 5 April 2011, and profits are calculated as follows:

- 1 July 2010 to 30 September 2010 £15,000 (enter in box 7)
- 1 October 2010 to 5 April 2011 ($\frac{1}{2} \times £60,000$) £30,000 (enter in box 8)

If you are unable to complete box 8 because the partnership cannot prepare the accounts from which you could work out the adjustment before the date for sending your tax return, you should provide a provisional amount. Put 'X' in box 20 on page TR 6 of your tax return and say in the 'Any other information' box, box 19, which boxes are provisional, why you could not give final figures, and provide an approximate date on which you expect to give your final figures.

If your partnership has suffered compulsory slaughter of farm animals and you want to claim under Extra Statutory Concession B11, any adjustment will also go in box 8. See page FPN 14 and Helpsheet 224 *Farmers and market gardeners*.

Box 9 Adjustment for change of accounting practice

If the partnership is carrying on a *trade* or profession and has received income from contracts for professional or other services, there may be an 'adjustment' shown in box 11A on your Partnership Statement. If there is, enter in box 9 the amount of the adjustment shown in box 11A on your Partnership Statement.

Box 10 Averaging adjustment

If the partnership:

- carries on the business of farming or market gardening, or
- has income from selling or allowing others to reproduce literary or artistic works which were created by one or more of the partners

you may be able to claim an adjustment for 'averaging'. For more information ask the SA Orderline for Helpsheet 224 *Farmers and market gardeners* or Helpsheet 234 *Averaging for creators of literary or artistic works*.

Enter in box 10 the amount by which your profit is changed by the averaging claim. Put a minus sign (–) in the shaded box if the adjustment reduces your profit. This entry does not change the amount of any loss to be included in box 19.

If you work out your tax bill, you must also include in the *Tax calculation summary* page, available from the SA Orderline, the adjustment to your tax for 2009–10 resulting from the averaging claim. Use box 13 if the adjustment is an increase in the tax or box 14 if it is a reduction.

Box 11 Foreign tax claimed as a deduction

Use box 11 to claim credit for foreign tax deductions but only if you are not claiming Foreign Tax Credit Relief in the *Foreign* pages for foreign tax paid.

Boxes 12 and 13 Overlap relief and overlap profits

If the partnership's *accounting date* is a date other than 5 April, overlaps in your *basis periods* may occur:

- in the first three years after you become a partner – see the notes on boxes 5 and 6, or
- in a year in which there is a change in the partnership's *accounting date*.

Since you are taxed on your share of the partnership profits for a particular *basis period*, overlaps in your *basis periods* would mean that you may be taxed more than once on the same profits. To avoid this, you may be able to claim *overlap relief* for the profit (the *overlap profit*) in any overlap period.

Overlap relief may be due for 2010–11 if:

- you ceased to be a partner in 2010–11, or
- the partnership's business ceased in 2010–11, or
- the partnership changed its *accounting date* in 2010–11 and your *basis period*, as shown in boxes 5 and 6, is more than 12 months.

If so, ask the SA Orderline for Helpsheet 222 *How to calculate your taxable profits*. It tells you how to work out *overlap profits* and how to claim *overlap relief*. Enter in box 12 the amount of any *overlap relief* used in 2010–11.

Enter in box 13 the amount of any unused *overlap profit* carried forward to 2011–12.

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Box 14 Adjusted profit for 2010–11

Use the Working Sheet below to work out the adjusted profit for 2010–11.

Working Sheet for taxable profits or adjusted loss

Put a minus sign (–) before any loss or negative number

Start with your share of the partnership's profit or loss *box 7*

£

Add

Positive adjustment for basis period *box 8*

£

Total

A £

Minus

Negative adjustment for basis period *box 8*

£

Foreign tax claimed as deduction *box 11*

£

Overlap relief used this year *box 12*

£

B £

Total *box A minus box B*

C £

If the amount in box C is positive (a profit)

Add

Adjustment for change of accounting practice *box 9*

D £

Add

Positive averaging adjustment *box 10*

E £

Or Minus negative averaging adjustment *box 10*

F £

Adjusted profit (*box C + box D + box E*) or
(*box C + box D minus box F*)

G £

Minus

Losses brought forward *box 15* - up to the amount in box G

H £

Total *box G minus box H*

I £

Add

Any other business income *box 17*

J £

Your share of total taxable profits - *copy to box 18*
box I + box J

£

Or, if the amount in box C is negative (a loss) or zero

Copy the amount in box C (the adjusted loss) to box 19 but enter it as a positive figure (do not include the minus sign in box 19).

If you have entered an amount in box 9 and/or a positive averaging adjustment in box 10, enter the sum of the amounts in box 9 and 10 in box 14, as well as entering the adjusted loss in box 19.

Box 15 *Losses brought forward from earlier years set off against this year's profit*

You may deduct from the amount of adjusted profit in box 14, any losses for 2009–10 or earlier years which you claimed to carry forward against later profits from the same partnership. The maximum amount you can enter in box 15 is the adjusted profit figure in box 14.

Box 17 *Any other business income not included in the partnership accounts*

Enter in box 17 any amounts that have not been included in the partnership accounts but which you need to work out your taxable profits; for example, any Enterprise Allowance (sometimes called Business Start-up allowance) you received in the year to 5 April 2011. This will usually have been paid to you rather than the partnership and therefore will not have been included in the Partnership Tax Return.

Your share of the partnership's trading or professional losses

If the partnership made a loss for 2010–11, you may be able to claim tax relief for your share of that loss. Helpsheet 227 *Losses* provides information on losses and a Working Sheet to help you keep track of your losses.

Time limits

Some claims must be made by **31 January 2013**. Make sure that any claims you wish to make are made within the time limit prescribed. We cannot usually accept late claims.

Box 19 *Adjusted loss for 2010–11*

Use the Working Sheet on page FPN 5 to work out the adjusted loss for 2010–11.

Box 20 *Loss from this tax year set off against other income for 2010–11*

You can claim relief for the 2010–11 loss by reducing your other taxable income for 2010–11. Enter the amount you are claiming to set off in box 20. The loss you claim in box 20 will usually be the whole of the loss, but your total income minus deductions cannot be reduced below zero. So the figure you put in box 20 should be no higher than your total income minus deductions. If you have already made a claim for relief against income of 2010–11, you should still include the loss in box 20 and provide details in the 'Any other information' box, box 19 on page TR 6 of your tax return.

If you want, you may claim any remaining loss (or if your taxable income is nil, the loss) by reducing your capital gain for 2010–11. Enter the loss you are claiming to set off in box 14 on the *Capital gains summary* page.

Box 21 *Loss to be carried back to previous year(s) and set off against income (or capital gains)*

If you want to claim relief for the 2010–11 loss by setting it against income of an earlier year, or years, enter the amount of the loss to be carried back in box 21. If you have already made a claim for the relief to be calculated in this way, you should still include the loss in box 21. You should provide details of the loss to be carried back now, or of the claim already made, in the 'Any other information' box, box 19 on page TR 6 of your tax return.

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Box 22 Total loss to carry forward after all other set-offs

If you wish to claim relief for your loss by carrying it forward to set against future profits, enter the amount of the unused loss to be carried forward, together with any loss brought forward from earlier years, in box 22.

Class 4 National Insurance contributions (NICs)

Class 4 National Insurance contributions (NICs) must be paid by all partners unless they are exempt or deferment applies. The contributions are calculated as a percentage rate of taxable profits above £5,715 for the tax year 2010–11.

Box 23 If you are exempt from Class 4 NICs

You are exempt from paying Class 4 NICs if:

- on 6 April 2010 you were
 - a man aged 65 or over, or
 - a woman born before 5 April 1950, or
 - under 16 and the National Insurance Contributions and Employer Office (NIC&EO) has granted you an ‘exception’, or
- during 2010–11 you were not resident in the UK for tax purposes (if you are not sure whether this applies to you please contact us or your tax adviser), or
- during 2010–11 you were a sleeping partner – that is, you took no active part in running the business and only supplied capital and took a share of the profits.

Put ‘X’ in box 23 if one of these conditions applies. Do not complete box 24 (Class 4 NICs deferment) or box 25 (Class 4 NICs profit adjustment).

Box 24 If you have been given a 2010–11 Class 4 NICs deferment certificate

If you are employed as well as self-employed, the National Insurance Contributions and Employer Office may agree that some of your Class 4 NICs can be deferred until your overall contributions can be determined. If your application for deferment is agreed, they will send you a certificate of deferment (form CA2703). Only put ‘X’ in box 24 if you have already been given a certificate of deferment. If you want to apply for deferment, please contact us.

Box 25 Adjustment to profits chargeable to Class 4 NICs

There are adjustments that reduce the amount of Class 4 NICs payable, such as:

- cash basis adjustments
- adjustments for changes in accounting practice
- certain losses from earlier years, and
- earnings as an employee which have been included in your profits.

Helpsheet 220 *More than one business* gives further information.

Your share of the partnership's untaxed income

Adjustments for basis period

If the partnership carried on a *trade* or profession in 2010–11, the *basis period* for any untaxed income will normally be the same as that for your share of the partnership's *trade* or professional income, as shown in boxes 5 and 6. Usually this will be the same as the partnership's

accounting period except in your first year or two as a partner, or when you leave the partnership.

You may have to make adjustments to convert your shares of income for the partnership's *accounting period* into your taxable profit for your *basis period*. These adjustments are equivalent to the adjustments made in box 8 for trading or professional income. Full details of the rules for working out your *basis period* and any adjustments for *basis period* are given in Helpsheet 222 *How to calculate your taxable profits*. If the adjustment is negative, put a minus sign (–) in the shaded box next to the £ sign.

If the partnership did not carry on a *trade* or profession in 2010–11, that is, it carried on a pure *investment business*, the *basis period* is the tax year from 6 April 2010 to 5 April 2011. No adjustments for *basis period* will be required.

Untaxed savings income

Boxes 26 to 28 *UK untaxed savings income*

Enter in box 26 your share of the partnership's income from UK savings from which no UK tax has been deducted, for the appropriate period in 2010–11. This should be shown in box 13 on your full Partnership Statement. Include the gross amount of your share of any partnership National Savings & Investments interest (where tax is not deducted).

Enter in box 27 the adjustment needed, if any, to arrive at the income for your *basis period* (see the note above).

Enter in box 28 the amount of your share of the partnership's income from UK savings for your *basis period* (box 26 plus any positive adjustment or minus any negative adjustment in box 27).

Boxes 29 to 32 *Foreign untaxed savings income*

Enter in box 29 your share of the partnership's income from foreign savings, from which no UK tax has been deducted, for the appropriate period. This should be shown in box 14 on your Partnership Statement. Enter in box 30 the adjustment needed, if any, to arrive at the income for your *basis period* (see the note above).

You can claim Foreign Tax Credit Relief for foreign tax paid in the *Foreign* pages, available from the SA Orderline. You do not have to claim Foreign Tax Credit Relief but it is usually to your advantage to do so. If you are not claiming tax credit relief enter in box 31 the amount of foreign tax taken off. Deduct the amount in box 31 when calculating the adjusted foreign savings income for the *basis period* in box 32.

Enter in box 32 the amount of your share of the partnership's income from foreign savings for your *basis period* (box 29 plus any positive adjustment or minus any negative adjustment in box 30, minus any amount in box 31).

Income from UK property

Boxes 34 to 36 *Share of profit or loss for 2010–11 from UK property*

Enter in box 34 your share of the partnership's profit or loss from UK property for the appropriate period. This should be shown in box 19 on your Partnership Statement. If there was a loss, enter a minus sign (–) in the shaded box next to the £ sign. Enter in box 35 the adjustments to arrive at the profit (or loss) for your *basis period* (see 'Adjustments for basis period' starting on page FPN 7).

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Enter in box 36 any losses from this activity in 2009–10, or earlier years, which you have claimed to carry forward against later profits. This amount should be deducted from the profit of your *basis period* to arrive at the taxable profit to be entered in box 39.

Box 37 Loss for this year set off against other income for 2010–11

If you have made a loss then you can only claim to set off this loss against your total income if:

- the loss arises on your furnished holiday lettings (dealt with in the notes to boxes 40 to 43 below), or
- if your rental business includes land used for agricultural purposes, the loss is due to certain agricultural expenses (details are on Helpsheets 251 *Agricultural land*), or
- the loss arises as a result of certain claims to capital allowances.

Enter the amount you want to claim to set off in box 37. Include in box 38 the balance of losses to be carried forward. For more information ask us or your tax adviser.

Box 38 Loss to be carried forward after any set-offs

If you wish to claim relief for your loss by carrying it forward to set against future profits, enter the amount of the unused loss to be carried forward, together with any loss brought forward from earlier years, in box 38. Use the Working Sheet below to work out the amount of total losses to be carried forward to enter in box 38.

Working Sheet for total loss to be carried forward (box 38)

If you have made a profit for 2010–11 (entry in box 34 is positive) complete this section

Losses brought forward from earlier years

A £

Minus

Losses set off against this year's profits *box 36*

B £

Total losses available to carry forward - copy to box 38
box A minus box B

C £

Or, if you have made a loss for 2010–11 (entry in box 34 is negative) complete this section

Losses brought forward from earlier years

A £

Share of loss for 2010–11 *from box 34*

B £

Minus

Loss set off against other income *box 37*

C £

Unused loss for 2010–11 *box B minus box C*

D £

Total losses available to carry forward - copy to box 38
box A + box D

E £

Loss on UK or EEA furnished holiday lettings

Box 40 *Share of furnished holiday lettings loss for 2010–11*

Enter in box 40 your share of the allowable loss from furnished holiday lettings for 2010–11. This should be shown in box 20 on your Partnership Statement.

Box 41 *Loss set off against other income for 2010–11*

If you want to set your loss against other income you had in 2010–11, enter the amount you want to claim in box 41. But the amount you claim should never exceed the total amount of your taxable income. To set the loss against 2010–11 capital gains, include it in box 14 on the *Capital gains summary* page and not in box 41.

Box 42 *Loss to be carried back to earlier year(s)*

If you want to claim relief for the 2010–11 loss from furnished holiday lettings by setting it against income of an earlier year, or years, enter the amount of the loss to be carried back in box 42. If you have already made a claim for the relief to be calculated in this way, you should still include the loss in box 42, and provide details in the ‘Any other information’ box, box 19 on page TR 6 of your tax return.

Box 43 *Loss to set off against other property income*

If you want to set your share of the loss against other rental income from the partnership, include it in box 43 – the amount that you enter in box 43 and deduct should never exceed the figure in box 39.

Other untaxed UK income

Boxes 44 to 49 *Share of other untaxed UK income*

Enter your share of the partnership’s other untaxed UK income for the appropriate period in box 44. This should be shown in box 15 on your Partnership Statement. If there was a loss from your share of the other untaxed UK income, enter it in box 48. This should be shown in box 16 on your Partnership Statement.

Make adjustments in box 45 or 49 to arrive at the profit (or loss) for your *basis period* (see ‘Adjustments for basis period’ starting on page FPN 7). The adjusted profit for the *basis period* should be entered in box 47 after deducting any loss brought forward from earlier years.

Enter in box 46 any losses from this activity in 2009–10, or earlier years, which you have claimed to carry forward against later profits. This amount should be deducted from the profit of your *basis period* to arrive at the taxable profit to be entered in box 47.

Box 50 *Total loss to carry forward after all other set-offs*

If you want to claim relief for your loss by carrying it forward to set against future profits, enter the amount of the unused loss to be carried forward, together with any loss brought forward from earlier years, in box 50.

If you have a profit from your share of other untaxed UK income and have completed box 44, the total loss carried forward will be any losses brought forward from previous years minus any amount set off against income in box 46. If you have a loss and have completed box 48, the total loss carried

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forward will be any losses brought forward from previous years plus the share of the loss in box 48 plus any positive adjustment, or minus any negative adjustment, in box 49.

Income from offshore funds

Boxes 51 to 54

Enter your share of the partnership's income from offshore funds for the appropriate period in box 51. This should be shown in box 18 in your Partnership Statement. Enter in box 52 the adjustment needed to arrive at the income for your *basis period* (see 'Adjustments for basis period' starting on page FPN 7).

Foreign tax taken off

You can claim Foreign Tax Credit Relief for foreign tax paid in the *Foreign* pages, available from the SA Orderline. You do not have to claim Foreign Tax Credit Relief, but it will usually be to your advantage to do so. If you are not claiming tax credit relief, enter in box 53 the amount of foreign tax taken off. Deduct the amount in box 53 when calculating the adjusted foreign income for the *basis period* in box 54.

Other untaxed foreign income

Box 55 *Share of other untaxed foreign income*

Enter your share of the partnership's other untaxed foreign income for the appropriate period in box 55. This should be shown in box 17 on your Partnership Statement. If there was a loss from your share of the other untaxed foreign income, enter it in box 60. This should be shown in box 21 on your Partnership Statement.

Make adjustments in box 56 or 61 to arrive at the profit (or loss) for your *basis period* (see 'Adjustments for basis period' starting on page FPN 7). The adjusted profit for the *basis period* should be entered in box 59 after deducting any loss brought forward from earlier years and total foreign tax taken off (only if Foreign Tax Credit Relief has not been claimed).

Enter in box 57 any losses from this activity in 2009–10, or earlier years, which you have claimed to carry forward against later profits. This amount should be deducted from the profit of your *basis period* to arrive at the taxable profit to be entered in box 59.

Foreign tax taken off

You can claim Foreign Tax Credit Relief for foreign tax paid in the *Foreign* pages, available from the SA Orderline. You do not have to claim Foreign Tax Credit Relief, but it will usually be to your advantage to do so. If you are not claiming tax credit relief, enter in box 58 the amount of foreign tax taken off. Deduct the amount in box 58 when calculating the adjusted foreign income for the *basis period* in box 59.

Box 62 *Total loss to carry forward after all other set-offs*

If you wish to claim relief for your loss by carrying it forward to set against future profits, enter the amount of the unused loss to be carried forward, together with any loss brought forward from earlier years, in box 62.

If you have a profit from your share of other untaxed foreign income and have completed box 55, the total loss carried forward will be any losses brought forward from previous years minus any amount set off against income in box 57. If you have a loss and have completed box 60, the total loss carried forward will be any losses brought forward from previous years plus the share of the loss in box 60 plus any positive adjustment in box 61 or minus any negative adjustment in box 61.

Total untaxed income

Box 64 *Overlap relief – untaxed investment income*

Overlap relief may be due for 2010–11 on your share of untaxed investment income if:

- you ceased to be a partner in 2010–11, or
- the partnership changed its *accounting date* in 2010–11 and your *basis period*, as shown in boxes 5 and 6, is more than 12 months, or
- the partnership's business ceased in 2010–11.

If you think *overlap relief* may apply, ask the SA Orderline for Helpsheet 222 *How to calculate your taxable profits*. It tells you how to work out *overlap profits* and how to claim *overlap relief*.

In such circumstances the relief is to be given first against your total untaxed income. If there is an excess, this can be set off against your total income for 2010–11. Details of how this relief is calculated can be found in Helpsheet 222.

Usually it will be to your advantage to claim *overlap relief* against untaxed income which may only be liable at 22% (box 63) before any income which may only be liable at 20% (box 33). You can claim the relief by entering in box 64:

- the amount of available relief up to a maximum equal to the amount in box 63, then
- including any unused excess in boxes 27 and 30 (up to the maximum of the amount which will reduce the income in boxes 28 and 32 to zero), and
- finally, including any remaining unused excess in box 12 to be set against trading profit. (If the unused excess gives rise to a trading loss, or increases a trading loss, that part of the loss which is attributable to the unused excess must be set against your other 2010–11 income in box 20.)

Enter in box 64 any *overlap relief* used this year.

Box 65 *Overlap profit carried forward*

Enter in box 65 any unused *overlap profit* carried forward.

Your share of the partnership's taxed income

Boxes 67 to 74 *Share of taxed income*

The *basis period* for all investment income which has had UK tax taken off at source is the tax year from 6 April 2010 to 5 April 2011, even if the partnership carried on a *trade* or profession for a different period. That means the amounts you enter in box 67, 70 or 73 will be your share of income received (or due) in the actual tax year, not in the partnership's *accounting period*.

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Enter in box 67 your share of the partnership's income taxed at 10% (shown in box 14A and box 22A on your Partnership Statement).

Enter in box 70 your share of savings income taxed at 20% (shown in box 22 on the Partnership Statement).

You should also include any net profits from your share of the partnership's securities in the Accrued Income Scheme. The acting partner will provide details of any securities bought and sold, your share of the interest received and any accrued income profit or loss. Further details of how profits and losses are calculated are given in the Helpsheets 343 *Accrued Income Scheme*. Provide details of the income, profits and losses in the 'Any other information' box, box 19 on page TR 6 of your tax return. Accrued income profits and losses on non-partnership securities must be included in boxes 1 to 3 in the 'Other UK income' section on page Ai 1 of the *Additional information* pages.

Enter in box 73 your share of other taxed income shown in box 23 on your Partnership Statement.

Foreign tax taken off

You can claim Foreign Tax Credit Relief for foreign tax paid on taxed income in the *Foreign* pages, available from the SA Orderline. You do not have to claim Foreign Tax Credit Relief, but it will usually be to your advantage to do so. If you are not claiming Foreign Tax Credit Relief, enter in boxes 68, 71 and 74 the amount of foreign tax taken off income included in boxes 67, 70 and 73 respectively.

Your share of the partnership's tax paid and deductions

Box 76 *Share of Income Tax taken off partnership income*

Enter in box 76 your share of the tax taken off any bank and building society interest etc. during the year ended 5 April 2011 shown in box 25 on the Partnership Statement.

Box 77 *Your share of CIS deductions made by contractors*

If the partnership was a subcontractor in the construction industry, it may have received some payments under the Construction Industry Scheme. Enter in box 77 your share of any deductions made by contractors on account of tax from payments made to the partnership during the year ended 5 April 2011. This will be shown in box 24 of your Partnership Statement.

Box 78 *Share of any tax taken off trading income*

Enter in box 78 your share of any tax taken off trading income, for example, royalties (but not contractor deductions) from box 24A on your Partnership Statement.

Changing between self-employment and partnership

Step 1

Work out your *basis period* for the 2010–11 tax year. (See the notes for boxes 5 and 6 on page FPN 3.)

Step 2

Do not put the date of change from self-employment to partnership, or partnership to self-employment, in either box 3 or box 4 of the *Partnership* pages.

Step 3

Check whether the accounts information for any *accounting period* relating to your *basis period* (that is, if any part of the *accounting period* falls within the *basis period*) has been given in the Partnership Tax Return.

Step 4

If it has, you should complete the *Partnership* pages and work out your taxable profit or allowable loss for this year. This will be based on:

- your share of the partnership profit or loss shown in the Partnership Statement, together with
- the profit or loss of any accounting period affecting your *basis period* during which the business was not carried on in partnership for which you have entered details in boxes 8 to 31 in the *Self-employment (short)* pages, or boxes 14 to 75 in the *Self-employment (full)* pages.

Step 5

Otherwise, enter the accounts information in boxes 8 to 31 in the *Self-employment (short)* pages (or boxes 14 to 75 and 82 to 98 in the *Self-employment (full)* pages). Complete the remaining boxes in those pages to work out your taxable profit or allowable loss for this year. Do not complete the *Partnership* pages.

Other information

Compensation for slaughter of farm animals

If your partnership has suffered compulsory slaughter of farm animals which are not covered by a herd basis election, you may wish to claim under Extra Statutory Concession B11 to:

- deduct your share of the profit arising from the compensation from your share of profit assessed for the period when the slaughter took place, and
- spread the amount deducted over the following three tax years (or the period to when you ceased to be a partner if that was shorter).

Keep a note to make sure you do not overlook these adjustments, which should be entered in box 8.

If the adjustments are reducing profits put a minus sign (–) in the shaded box next to the £ sign. If you have another adjustment to go in box 8 then add the two together and put the result in box 8. Use the ‘Any other information’ box, box 19 on page TR 6 of your tax return to explain any entries in box 8.

For more information about ESC B11 ask the SA Orderline for Helpsheet 224 *Farmers and market gardeners*.

i Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
- the SA Orderline on **0845 9000 404** for helpsheets

or go to

www.hmrc.gov.uk

Intermediaries legislation – IR35

If the partnership provided your services to clients in circumstances where you would be an employee if you worked for the client directly and not through the partnership, then the rules about tax and National Insurance contributions, introduced from 6 April 2003, may apply. See the section ‘The provision of personal services through a partnership – deemed employment payment’ on Helpsheet 222 *How to calculate your taxable profits*. It tells you what adjustments are to be made to your taxable income and where these should be entered on your tax return.

Glossary

Accounting date

The date to which the partnership’s accounts are made up.

Accounting period

The period covered by your accounts.

Basis period

The period on which your profits for the tax year are based.

Investment business

Any business carried on by the partnership that does not amount to carrying on a trade or profession.

Overlap profits

Overlap profits arise when *basis periods* overlap so that the same profits are taxed in two different tax years.

Overlap relief

Overlap relief deducts the overlap profits in a later tax year so that over the life of your business you do not pay tax on more profits than you earn.

Trade

Any commercial operation, supplying goods or services to a customer for profits is likely to be regarded as a trade. If you are in doubt whether you carried on a trade, profession or vocation during 2010–11, ask us or your tax adviser.