



How to fill in the Partnership Tax Return

This Guide has step by step instructions to help you fill in the Partnership Tax Return.

The notes are numbered to match the boxes in the Tax Return.

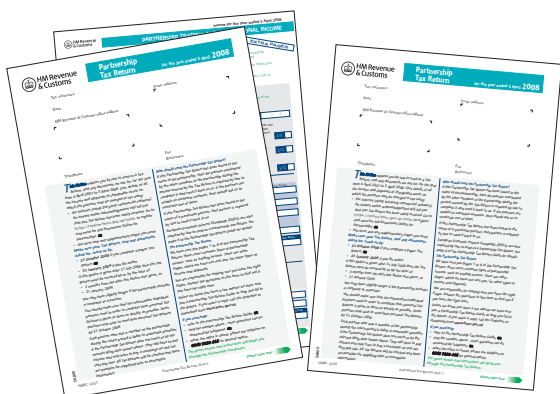
Most of your questions will be answered here. If you need more help, please phone your HM Revenue & Customs office on the number shown on the front of the Tax Return or see page 2 for further details.

New filing dates for 2008-09

*If you file a **paper** Tax Return, you must do so by **31 October 2009**.*

*If you file the Tax Return **online**, you must do so by **31 January 2010**.*

You may have longer if the notice requiring you to make the Partnership Tax Return was given after 31 July 2009 or the partnership includes a company as a partner - see page 19 of these notes.



The Partnership Tax Return asks for details of the partnership's income and related information. We have sent this Guide to help you fill it in.

Every partnership gets the first eight pages of the Partnership Tax Return covering income from trades and professions, and interest or alternative finance receipts, with tax deducted, from banks, building societies or deposit takers. There are other, 'supplementary', Pages covering the less common types of income, and disposals of chargeable assets.

As the partner completing the Partnership Tax Return it is your responsibility to make sure that you complete the right supplementary Pages. You must send them back to us on time with the rest of the Partnership Tax Return, otherwise each partner who was a member of the partnership during the Return period will be liable to an initial automatic penalty of £100, and further penalties for continued delay.

The Partnership Tax Return must be completed in full. If you have a disability that makes filling in the Return difficult we will be able to help you complete the form. Please contact us to talk about this.

Phone the Orderline if you need any supplementary Pages or Help Sheets mentioned in this Guide, or go to www.hmrc.gov.uk

Consider using the secure Self Assessment Online for Partnerships service to file your Return online.

The Orderline is open daily (except Christmas Day, Boxing Day and New Year's Day) on 0845 9000 404.

A text phone service is available on this number.

You can also order by fax on

0845 9000 604,

or online at

www.hmrc.gov.uk/contactus/staustellform.htm

or in writing to PO Box 37,

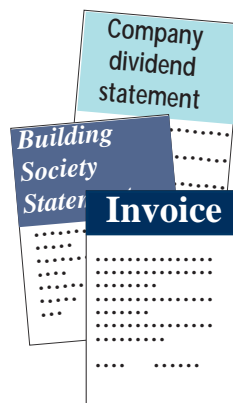
St Austell, PL25 5YN.

To register for Self Assessment Online for

Partnerships go to

<https://online.hmrc.gov.uk/registration/organisation>

Supplementary Pages for some types of income are available from the Orderline



When the HMRC office is closed, phone the Helpline on 0845 9000 444 for general advice (text phone is available). It is open daily (except Christmas Day, Boxing Day and New Year's Day).

Yr Iaith Gymraeg/Welsh Language

Ffoniwch 0845 302 1489 i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau

Sales/business income (turnover)

3.29 £ 35,000

The Partnership Tax Return should be completed and signed by:

- the partner nominated by the other partners who were members of the partnership during the Return period (or by us), or
- the partner named on the front of the form, or
- the manager of a European Economic Interest Grouping (EEIG) registered in Great Britain or Northern Ireland, or the member to whom the Partnership Tax Return is addressed for other EEIGs.

You will need information about the partnership's business, including any investments.

Do not send these financial records with the Partnership Tax Return, but keep them safe.

The rest of this Guide will help you to fill in the boxes in the Partnership Tax Return. If you need help ask us or your tax adviser.

Answer all the questions. If you tick 'Yes', fill in any Pages and boxes that apply to you. If not, go to the next question.

- Write clearly using blue or black ink and only in the spaces provided.
- Use numbers only, when you are asked for amounts.
- Please do not include pence - round down income to the nearest pound and round up tax credits and tax deductions. For example, if business income is £35,000.97, enter £35,000 in box 3.29. Round all the boxes, not just totals boxes.
- Please fill in the boxes with the information or amounts requested and do not include entries such as 'per attached', 'per enclosed accounts' or 'to follow'.
- Do not delay sending your Tax Return just because you do not have all the information you need - see the notes for box 10.1 on page 17 of this Guide.

If you need help, look up the question or box number in the Notes. The first part of each number shows which Question it relates to, for example, box 3.29 is one of the boxes for Question 3.

• Sales/business inc

box 3.29 Enter the includes income from boxes 3.97 or 3.117,

WHAT WE DO

In its dealings with you, HM Revenue & Customs is governed by its service commitment - set out on page 20 of this Guide. Page 20 also explains how to complain if you are dissatisfied with the way we handle your tax affairs.

When we get your completed Partnership Tax Return we will process it using your figures. If we see any obvious mistakes we may put them right and tell you what we have done. If we are not sure about a figure you have entered we may contact you. When we process the Return we shall only be looking at the Return and documents we have requested.

Once the Partnership Tax Return has been processed it may be checked. We have 12 months after we receive it to do this. We may make enquiries about the figures and ask you to send the records from which you took them. We may also check the figures against any details received from other sources, such as your bank.

You and your partners are responsible for the accuracy of the Partnership Tax Return.

If after sending us the Partnership Tax Return you find that you have made a mistake, or any details have changed, then let us know at once, otherwise you may be charged a penalty. You must provide final figures to replace any provisional amounts as soon as you can. We may also charge a penalty if there is unreasonable delay in providing corrected figures once they are known to you, or the Partnership Tax Return is incorrect because you have failed to take reasonable care. Each partner who was a member of the partnership during the period covered by the Return may face a maximum penalty ranging from 30% to 100% of the difference between the correct tax due and the amount due on the figures the partnership has provided. We can reduce these penalties, depending on what you tell us, and the help and assistance you give us to correct the error. In some circumstances you and your partners could also be prosecuted for deliberate errors.

GIVING INFORMATION TO THE PARTNERS

You should make sure that the information which individual partners need to complete their personal Tax Returns is provided to them as quickly as possible.

The Partnership Tax Return we have sent you includes the short Partnership Statement. Ask the Orderline if you need the full version.

The Partnership Tax Return includes a Partnership Statement on pages 6 and 7 for summarising the profits, losses, income and other amounts allocated to the partners.

There are two types of Statement:

- a 'short' abridged version for partnerships that have only trading or professional income, or interest or alternative finance receipts with tax deducted, from banks, building societies or other deposit takers, and
- a 'full' unabridged version covering all the possible types of partnership income.

The short Partnership Statement caters for up to three partners. If there are more than three partners, photocopy page 7 before you complete it and use the photocopies. Attach those photocopies to the Partnership Tax Return when you send it back to us.

Some partners may wish to send their personal paper Tax Returns by 31 October 2009. Others will want to submit them online by 31 January 2010. In most circumstances a copy of the Partnership Statement will be all they need to complete the Partnership Pages of their personal Return. But in some circumstances you will need to provide them with additional information. The notes to the Partnership Tax Return tell you when additional information will be required.

KEY DATES AND SUMMARY

2009

You must, by law, have kept all records. Failure to do so could give rise to penalties.

April 2009

You receive the Partnership Tax Return:

- check to see if you need any supplementary Pages
- find your records
- fill in the Tax Return
- if you go to www.hmrc.gov.uk you can file your Tax Return online.

31 October 2009

If you file a paper Tax Return, you must do so by this date, otherwise an automatic penalty of £100 will be charged. It will help the partners if the Partnership Tax Return is sent by this date.

31 January 2010

This date is important for four reasons. This is the date by which:

- we must have received the completed Partnership Tax Return if it is filed online (paper Returns must be received by 31 October 2009)
- the partners must submit their own Returns if they file online (paper Returns must be received by 31 October 2009)
- the partners must pay the balance of any tax they owe, and
- the partners must pay their first payment on account for the 2009-10 tax year.

You can file online even if we have sent you a paper Tax Return. Provided that we receive the online Return by 31 January 2010, then no automatic penalty will be charged. If the Partnership Tax Return is late and, as a result, the partners' personal Tax Returns are also late, then automatic penalties will apply.

If tax is paid late, then interest, and possibly a surcharge, will be charged.

Read page 19 of this Guide if the Partnership Tax Return was delivered after 31 October 2009. If the partnership includes any member who is a company you may have until 5 April 2010 to send the completed Tax Return. Check with us.

Example of filling in the short Partnership Statement

Start	1	1	6	06	Individual partner details				
End	2	31	5	07	6	Name of partner <i>A Partner</i>			
Nature of trade	3	<i>ACCOUNTANTS</i>			Address <i>12 High Street</i>				
MIXED PARTNERSHIPS					Anytown Postcode <i>AB1 2CD</i>				
Tick here if this statement is drawn up using Corporation Tax Rules. <input type="checkbox"/>					Date appointed as a partner (if during 2007-08) <input type="checkbox"/>				
Tick here if this statement is drawn up using tax rules for non-residents. <input type="checkbox"/>					Partner's tax reference <input type="checkbox"/>				
					Date ceased to be a partner (if during 2007-08) <input type="checkbox"/>				
					Partner's National Insurance number <input type="checkbox"/>				
					Partner's share of profits, losses, income, tax credits, etc.				
Tick this box if the items entered in the box had foreign tax taken off <input type="checkbox"/>					Copy figures in boxes 11 to 29 to boxes in the individual's Partnership Pages as shown below				
• For an accounting period ended in 2007-08 from box 3.83 Profit from a trade or profession <input type="checkbox"/> A 11 £ <i>24,000</i> Profit 11 £ <i>12,000</i> Copy this figure to box 7									
from box 3.82 Adjustment on change of basis 11A £ Copy this figure to box 9									
from box 3.84 Loss from a trade or profession <input type="checkbox"/> B 12 £ Copy this figure to box 7									
• for the period 6 April 2007 to 5 April 2008* from box 7.9A UK taxed interest and taxed alternative finance receipts 22 £ <i>200</i> 22 £ <i>100</i> Copy this figure to box 26									
from box 3.97 CIS deductions made by contractors on account of tax 24 £ 24 £ Copy this figure to box 28									
from box 3.98 Other tax taken off trading income 24A £ 24A £ Copy this figure to box 29									
from box 7.8A Income Tax taken off 25 £ <i>40</i> 25 £ <i>20</i> Copy this figure to box 27									

What makes up the Partnership Tax Return?

Every partnership is sent the first eight pages covering some types of income. Answer all the questions. They will help you to decide which boxes to fill in and whether you need any of the supplementary Pages for other types of income and disposals of chargeable assets. In some circumstances you may also need additional sets of Pages to return information for more than one period.

The Partnership Tax Return includes a 'short' Partnership Statement at pages 6 and 7 for summarising the profits, losses or income allocated to the partners. Complete this or the 'full' unabridged Partnership Statement, as appropriate, and then provide each partner with the information they need to complete their personal Tax Return.

Changes in the membership of a partnership

For tax purposes, the business carried on by a partnership is regarded as continuous, despite a change in the members of the partnership, provided there is at least one partner who is a member both sides of the change. You do not need to complete a separate set of Pages simply because of a change in the membership of the partnership (although you may prefer to do so). However, you should confirm that where a partner has only been a member of the partnership for a part of the period covered by the Partnership Tax Return this fact is correctly reflected in the partner details section and profit share information provided in the Partnership Statement.

Tax due on shares of partnership income

We will use the information in the Partnership Tax Return to check that the partners pay the correct tax and Class 4 NICs due on their share of the partnership's profits. Each partner is liable only up to the tax due on their share of the partnership profit.

We will usually have until 31 January 2011 to decide whether an enquiry is necessary to check the accuracy of the figures in the Partnership Tax Return.

Types of partnership

A partnership for the purposes of the Partnership Tax Return includes:

- a partnership governed by the Partnership Act 1890
- a limited partnership registered under the Limited Partnership Act 1907
- a limited liability partnership (LLP) registered under the Limited Liability Partnership Act 2000 *unless* the LLP
 - does not carry on a business with a view to profit, or
 - is being formally wound upin which case the LLP will need to make a Corporation Tax Return.

It also includes any foreign entity which is regarded as a partnership for the purposes of the UK Taxes Acts.

Partnerships can be made up of persons some of whom are liable to Income Tax and some of whom are liable to Corporation Tax. Where a partnership consists only of persons liable to Corporation Tax this is referred to as a 'CT Partnership'. A partnership, which consists of some members who are liable to Income Tax and others to Corporation Tax, is not a 'CT Partnership'.

Return period for partnerships other than 'CT Partnerships'

Trading and professional income

You should return details of the partnership's trading and professional income and expenditure for the accounting period (or periods) ended on a date in the period 6 April 2008 to 5 April 2009.

If the partnership ceased during this period you should return details of the partnership's income and expenditure to the date of cessation even if the business was carried on after that time by one of the partners alone.

Savings, investments and other income

All taxed income should be returned for the period 6 April 2008 to 5 April 2009. If accounts are made up for any other period, you should apportion figures in the sets of accounts which between them cover the period 6 April 2008 to 5 April 2009 (if apportionment gives a reasonable approximation of the actual figures for that period) or provide the actual figures themselves.

All untaxed income should be returned by entering the untaxed income of the accounting period(s) ended in the period 6 April 2008 to 5 April 2009.

Foreign income

All foreign income which has had UK tax taken off (taxed income) should be returned for the period 6 April 2008 to 5 April 2009.

All foreign income which has had no UK tax taken off (untaxed income) should be returned for the accounting period(s) ended in the period 6 April 2008 to 5 April 2009.

UK property income

All UK property income should be returned for the accounting period(s) ended in the period 6 April 2008 to 5 April 2009.

Disposal proceeds on chargeable assets

Details of disposal proceeds on chargeable assets should be returned for the period 6 April 2008 to 5 April 2009.

Investment partnerships

Where, exceptionally, a partnership does not carry on a trade or profession, all income including untaxed income and income from property, should be returned for the period 6 April 2008 to 5 April 2009.

If accounts are made up for any other period, you should apportion figures in the sets of accounts that between them cover the period 6 April 2008 to 5 April 2009, (if apportionment gives a reasonable approximation of the actual figures for that period) or provide the actual figures themselves.

Return period for 'CT Partnerships'

If the partnership is a 'CT Partnership' you should return details for all classes of the partnership's income etc. (both untaxed and taxed) for the partnership's accounting period (or periods) ending on a date in the period 6 April 2008 to 5 April 2009.

Particulars to be supplied by a 'CT Partnership'

In the case of a 'CT Partnership' the same particulars, accounts and tax computations should be supplied and the same Pages and boxes completed as for a partnership whose annual turnover exceeds £15 million (see page 9 of this Guide under the heading 'Income and expenses - annual turnover of £30,000 or more').

Management expenses and loan relationships etc.

Management expenses

If the partnership carries on an investment business, not amounting to a trade, and a member(s) of the partnership is liable to Corporation Tax, the partnership will need to calculate the amount of the management expenses it has incurred and to allocate a share of those expenses (by reference to the partnership's commercial

Filling in the Partnership Tax Return

profit sharing arrangements for the Tax Return period) to the relevant partner(s). Your computation of the partnership's management expenses and the amount allocated to the relevant partner(s) should be set out in the 'Additional information' box, box 3.116, on page 3 of the Tax Return.

Loan relationships etc.

If the partnership has any profits, losses, income or expenses from loan relationships, including exchange fluctuations, or from certain derivative contracts, and any member(s) of the partnership is liable to Corporation Tax, each company member should calculate its own share of these amounts separately from the other profits and losses of the partnership business. Each company should compute its share as if the whole loan etc. was owed by or to that member, and not by or to the partnership, then allocate itself a share of the overall profit or loss according to the commercial profit sharing ratio for the relevant period. Amounts so allocated to the company partner(s) should be set out in the 'Additional information' box, box 3.116, on page 3 of the Tax Return.

Tonnage Tax

If the partnership carries on a shipping business and any partner is a 'tonnage tax company' then the partnership must complete form CT600F on the basis that the whole partnership business is carried on by a tonnage tax company. This form must accompany the Partnership Tax Return.

■ A change in the residence status of a partner

Where an individual carrying on a business in a partnership wholly or partly abroad becomes or ceases to be UK resident, this person is treated as having ceased and immediately recommenced as a partner. The partnership profit must be apportioned to and from the date of change of residence, and, for the period of non-residence, the partnership profit must be apportioned between that arising in the UK and that arising overseas.

Advice on this and other foreign aspects of partnership taxation is in *Help Sheet 380: Partnerships: Foreign aspects* available from the Orderline and www.hmrc.gov.uk

Q1 Did the partnership receive any rent or other income from property in the UK?

If you do not tick the 'Yes' box, go to Question 2

Fill in the Partnership UK Property Pages if the partnership received income from:

- UK land and property, or
- UK furnished holiday lettings.

Ask the Orderline for the Pages or download from www.hmrc.gov.uk

Q2 Did the partnership have any foreign income?

If you do not tick the 'Yes' box, go to Question 3

Fill in the Partnership Foreign Pages if the partnership received:

- interest, or
- dividends, or
- rental income, or
- other income

from overseas savings and investments. Ask the Orderline for the Pages or download from www.hmrc.gov.uk

Q3 Did the partnership business include a trade or profession at any time between 6 April 2008 and 5 April 2009?

If you do not tick the 'Yes' box, go to Question 4

Otherwise fill in boxes 3.1 to 3.117 as appropriate. The notes starting on page 6 will help.

Q4 Did the partnership dispose of any chargeable assets?

If you do not tick the 'Yes' box, go to Question 5

Fill in the Partnership Disposals of Chargeable Assets Pages if the partnership disposed of any chargeable assets unless they were 'exempt' assets. Assets which are exempt from Capital Gains Tax include:

- motor cars
- UK government stocks and certain corporate bonds
- life assurance policies and deferred annuity contracts, unless at any time acquired for actual consideration.

Ask the Orderline for the Pages or download from www.hmrc.gov.uk

Q5 During the return period has the partnership included any member who is:

- a company
- not resident in the UK
- a partner in a business controlled and managed abroad and who is not domiciled in the UK or is not ordinarily resident in the UK?

If you do not tick any of the 'Yes' boxes, go to Question 6

If your partnership includes any member who is a company, any share of partnership profits allocated to that member must be a share of profits calculated using Corporation Tax rules. Similarly, any share of profits allocated to any member who is not a UK resident must be a share of profits calculated using the rules appropriate to non-residents.

For a mixed partnership, for example, a partnership whose members include individuals and companies, UK residents and non-residents, or tonnage tax companies as well as other partners, two (or more) sets of Partnership Statements and the appropriate Pages may be required. For example, one set based on Income Tax rules, the other based on Corporation Tax rules. Shares of profit allocated to the individuals will be allocated using the set based on Income Tax rules. Shares of profit allocated to the companies will be allocated using the set based on Corporation Tax rules.

Where the partnership includes a non-resident partner, two sets of Partnership Statements will generally be required, one of world-wide profits and one of UK profits. However, if the partnership is managed and controlled abroad, please return the UK profits only (although a resident partner will need to know his or her share of the overseas profit). For further guidance see *Help Sheet 380: Partnerships: Foreign aspects*.

However, it may be that, given the particular circumstances of your partnership, different sets of calculations made in this way do not, in fact, result in different figures of partnership profit. Where this is the case you need complete only one set of the relevant Pages. Explain in the 'Additional information' box, box 3.116, on page 3 of the Partnership Tax Return why the calculation makes no difference to the overall partnership profit. If you are completing this form on behalf of a mixed partnership, speak to your tax adviser before you do so.

Q6 Are you completing this Tax Return on behalf of a European Economic Interest Grouping (EEIG)?

If you do not tick the 'Yes' box, go to Question 7

Although a European Economic Interest Grouping (EEIG) is not generally constituted as a partnership, its taxation treatment is similar. Like a partnership, an EEIG is not itself liable for UK tax on its profits, the profits are instead taxable on the members. Accordingly, the Partnership Tax Return has been prescribed for completion by a grouping and references to partnerships should be taken as including groupings, and references to partners as including members of a grouping.

Where the grouping is registered in Great Britain or Northern Ireland, or has an establishment registered in Great Britain or Northern Ireland, its Tax Return must be made by its manager. Where there is no registration in Great Britain or Northern Ireland of an EEIG or an EEIG establishment, the Partnership Tax Return should be completed by the member to whom it is addressed.

Filling in the Partnership Trading Pages

You must fill in the Partnership Trading Pages (pages 2 to 5 of the Partnership Tax Return) if, at any time in the period 6 April 2008 to 5 April 2009, the partnership carried on a trade or profession.

In some circumstances you may have to complete more than one set of Partnership Trading Pages. You should read the notes on return period on page 7 to identify the return period (or periods) appropriate to your partnership before attempting to complete the Trading Pages.

If the partnership carries on a farming or similar business, ask the Orderline for *Help Sheet 224: Farmers and market gardeners* or download from www.hmrc.gov.uk It explains the methods of farm stock valuation we accept.

The partnership should have records of all its business transactions. You must keep these until at least 31 January 2015 and show them to us if you are asked to do so. There is more information about record keeping at www.hmrc.gov.uk

If the partnership had more than one trade or profession

You must complete a set of Partnership Trading Pages for each trade or profession carried on by the partnership. Either photocopy blank Pages you already have, or ask the Orderline for more copies.

■ *How to fill in the Pages*

Before you start

The business profit for any business is the difference between:

- turnover, other business receipts and goods taken for partners' personal use, **and**
- allowable business expenses.

These Partnership Trading Pages will help you work out your taxable business profit and will provide us with the information we need to process the Partnership Tax Return.

Work through the following steps for each business:

Step 1 Work out the return period for the business using the notes on page 7.

Step 2 Work out how many 'accounts' fall within that period.

Step 3

For each set of Trading Pages:

- provide business details in boxes 3.1 to 3.13
- complete boxes 3.13A to 3.23 if capital allowances and balancing charges are to be included in boxes 3.25 and 3.24 or 3.70 and 3.68. If your annual turnover was below £30,000 (or would be if you traded for a whole year), give details of income and expenses and work out the partnership's taxable profit in boxes 3.24 to 3.26, or, if your annual turnover was £30,000 or more (or would be if you traded for a whole year), in boxes 3.27 to 3.73
- enter the partnership's taxable profit or loss on page 5
- fill in boxes 3.97, 3.98 and 3.117 as appropriate
- if you have a balance sheet, provide information about your business assets or liabilities in boxes 3.99 to 3.115.

The notes will help you. They use some technical terms such as 'trade', and so on. They explain these terms as fully as possible, but they are not a comprehensive guide in all circumstances. If you are in doubt about the correct tax treatment of a particular item, ask us or your tax adviser. There is also a glossary of terms on page 13.

■ *Providing details of income and expenses*

For most businesses the information on the Partnership Trading Pages will enable a full and fair picture of your business to be presented. If there are any points needing further explanation, provide details in the 'Additional information' box, box 3.116, on page 3 of the Partnership Tax Return. Do not send accounts.

In some larger or more complex businesses additional information given on the Partnership Trading Pages may not be enough to provide a full and fair picture of your business. The submission of further information, including perhaps accounts or supporting calculations, may be considered necessary, for example where:

- a large business has a substantial turnover, or
- a business is complex (perhaps because it is a highly specialised trade), or
- accounts or computations are required for a proper understanding of the figures.

If your annual turnover was £30,000 or more (or would have been if you had traded for a whole year), you must complete page 3 of the Partnership Tax Return as well, and page 5 if you have a balance sheet. If your annual turnover exceeds £15 million read the note on page 9 'Income and expenses - annual turnover of £30,000 or more'.

If you do not have accounts

Even if you do not have accounts prepared for your business each year, your taxable profit should still be worked out using generally accepted accounting practice. These notes will help. For further advice on how your profits are taxed, what to include in your turnover and what expenditure is allowable for tax, ask the Orderline for *Help Sheet 222: How to calculate your taxable profits* or download from www.hmrc.gov.uk

You will come across the terms 'accounting period' and 'accounting date' in both the notes to the Partnership Tax Return and certain Help Sheets. If you do not have accounts prepared for your business you should read:

- 'accounting period' to mean the period for which you provide details of your business income and expenses, **and**
- 'accounting date' to mean the date on which that period ends.

Filing in the Partnership Tax Return

If you do have accounts

Accounts are prepared for a variety of reasons and in a variety of ways and it may not be immediately obvious where, in the Partnership Tax Return, you should enter some of your figures. *Help Sheet 229: Information from your accounts* gives practical help on filling in the Partnership Trading Pages, including some worked examples.

In some situations you may need to combine or divide the figures to fit the standard format. It is quite possible that there may be more than one acceptable way of doing so. Whichever method is adopted, you should try to be consistent from one year to the next. If you want to explain any figures in more detail make a note in the 'Additional information' box, box 3.116.

Make sure that you transfer all the entries from your accounts, and that you include them once only. Do not bring in any amounts which are not included in your accounts unless they are needed to calculate your taxable profit or were excluded in error from your accounts; include any such amount, other than partners' personal expenses, in box 3.71, and explain why the entry is necessary in the 'Additional information' box, box 3.116 (for the treatment of partners' personal expenses see page 8).

If the partnership has a single set of accounts which cover more than one business, you should transfer the figures to one set of Partnership Trading Pages, but then deduct the income and disallow the expenses relating to any business other than the main business and include that income and expenses in a separate set of Partnership Trading Pages for each of your other businesses.

Provisional figures

We would normally expect you to complete the income and expenses section of the Partnership Trading Pages with the final and correct figures of income and expenses. If, despite your best efforts, you are unable to do so, please read the notes on page 17 of this Guide which explain the exceptional circumstances in which Returns containing provisional figures may be accepted.

If you need to use one or more provisional figure you should still complete all relevant boxes in the Partnership Trading Pages, including the accounts information. If it is actually impossible to provide final or even provisional accounts information from which your taxable profit is to be calculated before the appropriate filing deadline for the Partnership Tax Return, you should provide one provisional figure for your taxable profit in box 3.83 and tick box 3.93. We would expect there to be very few such circumstances. The one common circumstance would be where, in the case of a newly commenced business, the first accounting period does not end until close to, or after, the statutory filing date. By 'close to' we mean within three months of the filing date.

If you have included any provisional figures tick box 10.1 on page 8 of your Tax Return, and explain in the 'Additional information' box, box 3.116, on page 3 why you cannot provide final figures. Give a date by which you expect to do so.

Estimates (including valuations)

In some situations you may need to provide an estimated figure or valuation that you do not intend to amend at a later date. If so, read the notes on page 17 of this Guide.

Partnership and business details

Return period

You should provide details of the partnership's income and expenses for the accounting period(s) ended in the period 6 April 2008 to 5 April 2009.

If the partnership had more than one account ended in 2008-09

You may need to complete a set of Partnership Trading Pages for each period of account.

You should always complete an additional set of Pages if the reason for the additional accounting period is a change in the partnership's annual accounting date. Either photocopy blank Pages you already have or ask the Orderline for more copies.

Where the annual accounting date is unchanged the accounting periods, when added together, will cover a normal 12 month period. In such circumstances you may, if you wish, complete a single set of Pages for that 12 month period by combining the accounts information required at boxes 3.24 to 3.26 or boxes 3.27 to 3.73. Otherwise you should complete a separate set of Pages for each accounting period.

If the partnership is a subcontractor in the construction industry and you have to fill in more than one set of Partnership Trading Pages make sure you complete box 3.97 (for CIS deductions) on the Pages for the most recent set of accounts.

If no accounts end in 2008-09

You should try to ensure that there is at least one accounting period ending in 2008-09. If you do not, the partners may have to use estimates to calculate their tax liability for 2008-09 and could end up being charged interest if the estimates are too low.

If no accounts end in 2008-09 you should:

- provide details of the partnership's income and expenses for the period 6 April 2008 to 5 April 2009, **and**
- enter 6 April 2008 to 5 April 2009 in boxes 3.4 and 3.5.

Changing between self-employment and partnership

If, during the year ended 5 April 2009 a trade or profession carried on in partnership which was previously or is subsequently carried on by one of the members of the partnership as a sole trader, you should fill in boxes 3.24 to 3.26 or 3.13A to 3.23 and 3.27 to 3.73, 3.82 to 3.117, as appropriate, in this Partnership Tax Return for any period of account ending in the year to 5 April 2009 during any part of which the business was carried on in partnership. This will enable the allocation of partnership profits or losses to be made in the Partnership Statement.

If the partnership ceased between the accounting date in 2008-09 and 5 April 2009, and:

- one of the members of the partnership carried on the business thereafter as a sole trader, **and**
- accounts covering the period up to the date the partnership ceased were drawn up to a date after 5 April 2009

in addition to completing a set of Partnership Trading Pages for the accounting period ended in 2008-09 also complete a set of Partnership Trading Pages for the accounting period ended in 2009-10 which covers both the period to the date the partnership ceased and the period thereafter when the business was carried on by a sole trader.

For any accounting periods ended in 2008-09 during which this business was carried on exclusively by a sole trader, boxes 8 to 29 should be completed on the Self-employment (short) pages (or boxes 14 to 64 and 82 to 98 of the Self-employment (full) pages) of that person's Tax Return.

Where the partnership's business was previously or is subsequently carried on by one of the partners on their own, enter the date of the change in box 3.7 or 3.8 of the Partnership Tax Return, as appropriate.

Filling in the Partnership Tax Return

box 3.2 Make sure you complete this box for each set of Partnership Trading Pages you need to submit.

boxes 3.4 and 3.5 Enter the details of the period to which the information at boxes 3.24 to 3.26, or alternatively boxes 3.27 to 3.73, will relate.

box 3.7 If the partnership trade or profession started after 5 April 2006, you should enter the start date. If your accounting date has changed since then, ask the Orderline for *Help Sheet 222: How to calculate your taxable profits* or download from www.hmrc.gov.uk

box 3.8 If the trade or profession was sold or closed down before 6 April 2009, you should enter the date it ceased in box 3.8. If this is not the same as the date in box 3.5 you must complete another set of Partnership Trading Pages to show the trading results for the remaining period.

box 3.10 Tick box 3.10 if the partnership has succeeded to a business previously carried on by a sole trader and the accounts information has been included in that person's Tax Return (see note above). If you tick box 3.10 you are not required to complete boxes 3.14 to 3.93 and 3.99 to 3.115.

box 3.11 Tick box 3.11 if the partnership's accounts do not cover the period from the last accounting date or if no accounts end in 2008-09. Explain why in the 'Additional information' box, box 3.116, on page 3 of the Partnership Tax Return.

boxes 3.12 and 3.13 There are special rules where a partnership changes its accounting date. Tick box 3.12 if your accounting date has changed and this is a permanent change which you wish to count for tax. Tick box 3.13 (as well as box 3.12) if this is the second or further change in the partnership's accounting date since 5 April 2002 and explain why this change has been made in the 'Additional information' box, box 3.116. The special rules are explained in *Help Sheet 222: How to calculate your taxable profits*, available from the Orderline and www.hmrc.gov.uk

● Partners 'personal' expenses

In some types of partnership, for example medical practices, partners will often incur expenditure personally, while carrying on the trade or profession on behalf of the partnership. For example, motoring expenses or rental costs. Because these sums are not directly reimbursed from partnership funds they do not appear in the partnership accounts. But the partnership agreement will provide that these 'personal' expenses should be taken into account in the profit sharing arrangement.

If relief is to be given for any expenses incurred under this type of agreement, the expenses must be included in the relevant entries made in boxes 3.25 or 3.51 to 3.63 where necessary by aggregation with similar expenditure met from partnership funds.

It will not be possible for an individual partner to claim relief for the expenditure in their personal Tax Return. But you can ensure that the partner receives the benefit due under the partnership agreement by making a 'fixed adjustment' when allocating shares of profit (see the guidance on pages 15 to 17 of this Guide).

Similarly, capital allowances may be due on an asset which is owned by a partner but which is used in the partnership trade or profession (unless the asset is leased to the partnership).

Again, these allowances must be included in the entries made in boxes 3.13A to 3.23 and reflected in boxes 3.68 and 3.70. (You may also need to make corresponding adjustments to the entries in boxes 3.112 to 3.114 – see page 12 of this Guide.)

Example 1

Dr Robert is a member of a partnership carrying on business as medical practitioners. He incurs the following expenses when conducting the partnership's business:

- use of home as office £1,000
- motor expenses £2,000.

Also, a capital allowance of £750 is due on a car which he owns but which he uses for the business. The figure of £1,000 should be included in box 3.52; £2,000 in box 3.55 and £750 in box 3.14 or box 3.70.

A corresponding 'fixed adjustment' (– £3,750) should be made when allocating profit for Dr Robert (see guidance on pages 15 and 16 of this Guide).

■ Capital allowances and balancing charges

boxes 3.13A to 3.23, 3.68 and 3.70 In working out the partnership's taxable profits you must not deduct:

- the cost of buying, altering or improving fixed assets, or
- depreciation or any losses which arise when the partnership sells them.

Instead, the partnership can claim tax allowances called capital allowances. These are deducted in working out the partnership's profits and should be included in box 3.70 (or box 3.25).

An adjustment, known as a balancing charge, may arise when the partnership sells an item, gives it away or stops using it in its business. These are added to the partnership's profits and should be included in box 3.68 (or box 3.24). You should complete a separate series of boxes 3.13A to 3.23 for each set of Partnership Trading Pages you complete. Separate capital allowances calculations are required for each of the partnership's accounting periods.

Tick box 3.22A if box 3.22 includes enhanced capital allowances for spending on designated environmentally beneficial technologies.

If the partnership has a tax adviser, ask how to calculate capital allowances and balancing charges.

If the partnership does not have a tax adviser, or you want to check your calculation, ask the Orderline for *Help Sheet 222: How to calculate your taxable profits* or download from www.hmrc.gov.uk

For information on Business Premises Renovation Allowance read the notes for boxes 10.4 and 10.5 on page 18.

■ Income and expenses - annual turnover below £30,000

If the annual turnover (excluding any balancing charges) is below £30,000 for a full year, you may fill in the special, shortened income and expenses section on page 3 of the Partnership Tax Return (boxes 3.24 to 3.26) instead of boxes 3.27 to 3.73 on page 4.

If the turnover was for a period of less than 12 months you should reduce the figure of £30,000 proportionately. For example, if the partnership only traded for six months you must fill in boxes 3.27 to 3.73 if the turnover was more than: $6/12 \times £30,000 = £15,000$.

But you must fill in one section or the other, and complete boxes 3.15 to 3.23 if you have any balancing charges, and boxes 3.13A to 3.22 if you are claiming capital allowances.

Filling in the Partnership Tax Return

box 3.24 Enter your turnover and any other taxable business receipts in box 3.24. You will also need to include the normal selling price of all goods which the partners have taken out of the business for their personal use or for their families or friends *minus* any sum paid into the business for the goods taken out. This is because any sum paid into the business should already be included in the turnover figure, like other sales. Include any balancing charges (from box 3.23).

box 3.25 Enter your allowable business expenses in box 3.25. Make sure you do not include in your expenses any items which are not allowable against tax (the table on page 10 will help you decide). Include any capital allowances (from box 3.22).

box 3.26 Subtract the figure in box 3.25 from box 3.24 and enter the result in box 3.26 (enter a loss in brackets).

Income and expenses - annual turnover of £30,000 or more (or would be if you traded for a whole year)

If the annual turnover was £30,000 or more (or would have been if you had traded for a whole year), you must fill in boxes 3.27 to 3.73 on page 4 unless your annual turnover exceeds £15 million. In this case you should complete only boxes 3.29, 3.73, 3.82, 3.83 or 3.84, 3.97, 3.98 and 3.117 and send the partnership accounts and computations with the Partnership Tax Return. You must also complete any relevant supplementary Pages and a Partnership Statement.

Value Added Tax

boxes 3.27 and 3.28 If the partnership is not registered for VAT, your sales figure will not include any VAT. Expenses in boxes 3.30 to 3.64 should include VAT. Do not tick either box 3.27 or 3.28.

If the partnership is registered for the VAT Agricultural Flat Rate Scheme, include any flat rate additions charged to customers in the sales figure. Expenses should include VAT. Do not tick either box 3.27 or 3.28.

If the partnership is registered for VAT and is not within the Flat Rate Scheme (see below), you may enter details of your business income and allowable expenses either all net of VAT or all inclusive of VAT. Where you adopt the latter approach, then either your net payment to us should be included as an expense in box 3.63 or any net repayment you receive from us should be included as a taxable receipt in box 3.50. Tick either box 3.27 or box 3.28 to show whether entries in boxes 3.29 to 3.64 include or exclude VAT.

If the partnership registered for VAT during the period, the expenses up to that date should include VAT regardless of whether later sales and expenses are recorded VAT inclusive or exclusive. Tick box 3.27 and include the following details in the 'Additional information' box, box 3.116:

- a note that the partnership registered for VAT during the period
- the date of registration
- whether sales and expenses from the registration date are VAT inclusive or exclusive.

If the partnership is registered for VAT and the goods you supply are zero rated (so that your sales figure does not include any VAT), tick either box 3.27 or box 3.28 to show whether entries in boxes 3.30 to 3.64 include or exclude VAT.

Similar action is required if the VAT registration was cancelled during the period, except that the details to appear in the 'Additional information' box should refer to the date of deregistration and whether sales and expenses before that date are VAT inclusive or exclusive. Expenses from the deregistration date should include VAT.

If the partnership is registered for the VAT Flat Rate Scheme you may enter details of your business income and allowable expenses either:

- all net of VAT (that is, with the VAT figure taken off) - method 1, **or**
- all inclusive of VAT - method 2.

If you use method 1 you should include:

- at box 3.50 any balance on your VAT account that is not paid over to us (that is, the amount of VAT on your income which exceeds the VAT you have paid on your expenses plus the payment under the Flat Rate Scheme)
- at box 3.63 any balance on your VAT account that you cannot recover from us (that is, the VAT on your expenses plus the payment under the Flat Rate Scheme minus the VAT on your income).

If you use method 2, include the net payment to us under the Flat Rate Scheme as an expense at box 3.63.

Tick either box 3.27 or box 3.28 to show whether the entries in boxes 3.29 to 3.64 include or exclude VAT.

If the partnership is registered for VAT but treated by us as partly exempt, for the purposes of calculating the taxable profits, business expenditure includes any input tax which is not claimable. Where you complete boxes 3.29 to 3.64 on a VAT inclusive basis the inclusion of your net payment to, or net repayment from, us in boxes 3.63 and 3.50 respectively will reflect this. However, if you complete the boxes on a VAT exclusive basis please ensure that the figures of expenses you enter include any relevant input tax not claimed for VAT purposes.

The computation of the net payment to, or repayment from, us may have included VAT on capital items purchased during the year. For example, on assets or rights which are of lasting use to the business and which are not bought or sold as part of the ordinary trading operations. Examples might include business premises, plant, machinery, vehicles and trade rights.

If you enter details of your income and expenses inclusive of VAT, make a note of the VAT on those capital items in the 'Additional information' box, box 3.116. Include the amount of VAT that you have paid on the capital items in the calculations of capital allowances summarised at boxes 3.13A to 3.23.

If you are in any doubt about the correct treatment of VAT, please contact us or your tax adviser.

Sales/business income (turnover)

box 3.29 Enter the amount of your turnover in box 3.29. If it includes income from which tax has been deducted, enter in boxes 3.97 or 3.117, as appropriate, the total tax deducted between 6 April 2008 and 5 April 2009.

Business expenses

boxes 3.30 to 3.63 You should include all your business expenses in boxes 3.46 to 3.48 and 3.51 to 3.63.

You can only claim for expenses which are incurred wholly and exclusively for business purposes. Some of the amounts you put in boxes 3.46 to 3.63 may not be allowable for tax. As you enter them, enter any disallowable amounts in boxes 3.30 to 3.45. Enter in box 3.66 the total of these disallowable amounts.

Filling in the Partnership Tax Return

Disallowable expenses

Cost of sales	box 3.30 Fuel expenses attributable to non-business use of vehicles.
Construction industry subcontractor costs	box 3.31 Any payments made relating to non-business work.
Other direct costs	box 3.32 Depreciation of fixed plant.
Employee costs	box 3.33 Employment costs that are not paid within nine months of the end of the period of account, or any payments made for non-business work.
Premises costs	box 3.34 Non-business part of premises costs used partly for business use. Costs of acquiring premises.
Repairs	box 3.35 Non-business part of repairs, renewals and general maintenance of premises and machinery used partly for business. Costs of alteration, improvements or replacements to business premises.
General administrative expenses	box 3.36 Partners' private and personal expenses. Non-business part of costs used partly for business, payments to political parties. Most payments to clubs, charities or churches. The partners' insurance.
Motor expenses	box 3.37 Non-business motoring. Travel between home and business. Costs of buying vehicles (but capital allowances can be claimed). Parking and other fines.
Travel and subsistence	box 3.38 Meals (except the reasonable cost of meals on overnight business trips).
Advertising, promotion and entertainment	box 3.39 Entertaining and hospitality (except gifts of up to £50 a person a year advertising your business and are neither food nor drink, and the costs of entertaining staff).
Legal and professional costs	box 3.40 Costs of settling tax disputes, legal costs of buying fixed assets (these are treated as part of the cost of the fixed asset). Costs and fines or penalties for breaking the law.
Bad debts	box 3.41 General bad debts reserve. Debts that were not taxed when they arose, for example, because they relate to a sale of a fixed asset.
Interest and alternative finance payments	box 3.42 Repayment of the loan, alternative finance arrangement or overdraft.
Other finance charges	box 3.43 Repayment of the loan, alternative finance arrangement or overdraft.
Depreciation and loss/(profit) on sale	box 3.44 Generally, depreciation and losses on assets are not allowable for tax, and profits on assets are not taxable receipts. Any figure in box 3.62 should be cancelled by putting the same figure in box 3.44. However, to the extent that any of these items are attributable to assets held under finance leases a different treatment may be appropriate. If you are in any doubt about the correct treatment, ask us or your tax adviser.
Other expenses including partnership charges	box 3.45 The non-business part of expenses in box 3.63. Ordinary, everyday clothing even if bought specially for business use.

Total expenses

box 3.46	If the business involves the resale or consumption of raw materials, enter here the cost of the goods used; that is, purchases plus opening stock/work-in-progress <i>minus</i> closing stock/work-in-progress. So, for example, subcontractors in the construction industry should include here the cost of any materials supplied. And taxi drivers, minicab drivers etc. and those in the road haulage industry should enter fuel expenditure in this box rather than elsewhere unless they are claiming mileage rate. Businesses providing services commonly adjust their business profits to reflect work-in-progress at the start and end of the period of account. If an adjustment of this sort is appropriate, make it here; otherwise leave the box blank. If the figure is negative, enter it in brackets.
box 3.47	Include all payments to subcontractors in the construction industry. Enter the gross amount before deduction if any payments have been made to subcontractors paid under deduction.
box 3.48	Expenses deducted to arrive at gross profit, for example, discounts allowed, commissions payable, carriage and, in manufacturing businesses, the costs of producing goods sold such as direct labour costs, depreciation of fixed plant, machine hire, small tools and consumables. If the business provides services, it may incur rechargeable expenses, which are deducted to arrive at a figure of gross profit.
box 3.51	Salaries, wages, bonuses, pensions, benefits, employer's NICs etc. for permanent, temporary and casual employees, and other staff-related costs such as canteen expenses and recruitment agency fees etc. Any subcontract labour costs, including locum fees, not included elsewhere should be included here. The partner's employment costs (for example, salaries, drawings, pension payments and other benefits or National Insurance contributions) should not be included.
box 3.52	Rent, business rates, water rates, light, heat, power, property insurance, security and other similar expenses. If accounts contain an amount for 'use of home', include that figure here.
box 3.53	Repairs and renewals, general maintenance of business premises and machinery.
box 3.54	Phone, fax, postage, stationery and printing costs, courier services, general office expenses, the costs of trade or professional journals and subscriptions etc. costs of insurance not included elsewhere and other similar recurring costs which arise in running the business.
box 3.55	Insurance, servicing, repairs, vehicle licence, petrol or diesel, hire and leasing charges, parking charges, AA/RAC membership.
box 3.56	All travel costs other than those included in motor expenses, such as rail, air and taxi fares, together with hotel accommodation costs and subsistence or similar costs.
box 3.57	The ordinary day to day costs of advertising and promoting the business goods or services, such as newspaper advertisements, mailshots and the distribution of free samples of the goods dealt in. Also include entertainment costs here.
box 3.58	Accountant's, solicitor's, surveyor's, architect's, stocktaker's and other similar costs, together with professional indemnity insurance premiums and the like.
box 3.59	The amount of money owed to the partnership for goods sold or work done that has been included in turnover but remains unpaid at the accounting date and which you consider you will never receive. If, unexpectedly, you do recover the amount in a later year, make sure you include it in box 3.50 in that later year's Partnership Tax Return.
box 3.60	Interest on bank and other loans (including overdrafts) and alternative finance payments.
box 3.61	Bank charges, credit card charges, hire purchase interest, and leasing payments, alternative finance payments, together with other similar costs not included elsewhere.
box 3.62	Add together depreciation and losses on sales of assets, and deduct profits on sales of assets that are included in your accounts, and enter the resulting figure in the box. Where the profit on disposal of an asset exceeds the total of any losses on disposal and depreciation added together, show such a figure in brackets. A figure in brackets is to be deducted when you add up your total expenses. If you sold assets at a profit, you should consider whether you need to enter a disposal in the Partnership Disposal of Chargeable Assets Pages.
box 3.63	Add up all the expenses not included elsewhere and enter the total figure.

Filling in the Partnership Tax Return

The disallowable amounts may be expenses which are not allowable at all for tax (such as entertainment expenses and depreciation of fixed assets) or the disallowable part of expenses (such as motor expenses, if the vehicle is used for private as well as business mileage).

Example 2

The total motor expenses included in box 3.55 were £3,000 and one-third of the mileage is private. You can only claim against tax two-thirds of the cost, that is £2,000. Enter the private use proportion of £1,000 in box 3.37.

Some small businesses can calculate car expenses using a fixed rate for each business mile rather than actual costs. Details and conditions are in *Help Sheet 222: How to calculate your taxable profits*.

If any of the amounts in boxes 3.46 to 3.48 and 3.51 to 3.63 are recoverable under an insurance, such amounts should be included in the disallowable expenses to be entered in boxes 3.30 to 3.45. **However**, there is no need to do this if you have included that insurance recovery in turnover (box 3.29) or under other income (box 3.50).

• Other income/profits

box 3.50 Enter in box 3.50 any business income which you did not include as turnover in box 3.29. Examples might include rental income, interest and alternative finance receipts from a business bank or building society account, discounts received, reverse premiums and so on. Reverse premiums are payments or benefits which are received as an inducement to take a lease of any property other than your only or main residence. If the leased property is to be occupied for the partnership's trade, profession or vocation the reverse premium will be a taxable receipt. If you have any doubt about the proper tax treatment of a reverse premium, ask us or your tax adviser.

If you are including this income in a different place on the Partnership Tax Return make sure you deduct it at box 3.71. For example, bank interest should not be included in the net business profit or loss entered in box 3.73 if you intend to include it in Question 7, on page 8 of the Return.

• Partnership charges

box 3.63 Amounts paid under an annuity or covenant are not allowable as an expense for tax purposes, even if paid for wholly commercial reasons in connection with the partnership trade or profession. Any such amounts should be disallowed by making an appropriate entry in box 3.45.

However, individual partners can claim relief for their shares of any trade charges paid during the period 6 April 2008 to 5 April 2009 (but only charges paid for wholly commercial reasons in connection with the partnership trade or profession). Read the guidance for box 3.117.

• Other expenses

Add up all the expenses in the accounts not included elsewhere and enter the total figure.

• Additional information (box 3.116)

Use box 3.116 on page 3 of the Partnership Tax Return if you want to explain any of your figures in more detail. For example:

- particulars of any significant or unusual items (either income or expenses) included in the figures, **or**
- details of receipts or expenses connected with the business which for any reason are not included in the figures, **or**
- an explanation of any tax adjustment to the net profit where the reason is not apparent from these figures, **or**
- an explanation of any items which are not included in Standard Accounts Information, but which affect the taxable profits.

This may avoid any unnecessary enquiries being made. Further guidance is in *Help Sheet 229: Information from your accounts*.

■ Tax adjustments to net profit or loss for this accounting period

box 3.66 Enter in box 3.66 the total of disallowable expenses included in boxes 3.30 to 3.45.

box 3.67 You should also make adjustments for goods which the partners have taken out of the business for their personal use or for their families or friends. Enter in box 3.67 the normal selling price of all goods taken out for such use, *minus* any sum paid into the business for the goods and which you have already included in the turnover in box 3.29.

box 3.71 You should make adjustments (deduct from a profit or add to a loss) in box 3.71 for any amounts you took into account in arriving at the partnership's net profit or loss but which are either not taxable receipts or are not taxed as profits from the partnership's trade or profession. Any taxable income you include in box 3.71 must be included in the appropriate part of the Partnership Tax Return.

■ Taxable profits or loss for this accounting period

box 3.82 If the partnership is carrying on a profession or vocation and has previously used a 'cash' or 'conventional' basis to calculate the profits, read the note beginning at the foot of page 12 and enter in box 3.82 the amount of the 'adjustment'.

If the partnership is carrying on a trade, profession or vocation and has received income from contracts for professional or other services see the note 'Accounting changes for service contracts - UITF 40' on page 13. Enter in box 3.82 the amount of the 'adjustment' which is charged to tax this year.

boxes 3.83, 3.84 and 3.93 If box 3.73 is a profit enter the amount of the profit in box 3.83 and '0' in box 3.84.

If box 3.73 is a loss, enter '0' in box 3.83 and the amount of the loss in box 3.84.

If you are unable to complete the income and expenses section because it is impossible to prepare the figures to arrive at the taxable profit before the date for sending the Partnership Tax Return, provide an estimate of the taxable profit or loss in boxes 3.83 or 3.84 and tick box 3.93. Read the notes on pages 7 and 17 of this Guide, and tick box 10.1 on page 8 of the Partnership Tax Return. It would also help if you say in the 'Additional information' box, box 3.116:

- why you cannot give a final figure in box 3.83 or 3.84, **and**
- an approximate date on which you expect to give your final figure.

Filing in the Partnership Tax Return

■ Tax on payment and deductions statements from contractors - construction industry subcontractors only

box 3.97 If the partnership is a subcontractor in the construction industry, it may have received payments made under the Construction Industry Scheme. If it has, enter in box 3.97 the total of the deductions made on account of tax from payments made to the partnership during the period 6 April 2008 to 5 April 2009*. If you are completing more than one set of Partnership Trading Pages enter this information on the Pages for the most recent set of accounts.

Deductions are shown on 'payment and deduction statements' which the partnership should have received from the contractor(s) for whom it worked. Contractors must give these statements to subcontractors who are paid under deduction. Please do not send these statements with the Partnership Tax Return. If you have not received payment and deduction statements, you should ask the contractor(s) for whom the partnership worked to provide them.

If you cannot get a statement, please give the following details:

- name and address of the contractor
- month payment(s) made to you
- amount of the gross payment
- amount deducted on account of tax

in the 'Additional information' box, box 3.116, on page 3. If you were given a statement but you have lost your copy, ask the contractor to give you another copy.

■ Tax taken off trading income

box 3.98 Enter in box 3.98 any tax taken off amounts returned as trading income (excluding deductions made by contractors on account of tax) between 6 April 2008 and 5 April 2009*. If you are completing more than one set of Partnership Trading Pages enter this information on the Pages for the most recent set of accounts.

■ Summary of balance sheet

box 3.99 to 3.115 If the partnership's accounts include a balance sheet, copy the entries to the appropriate boxes. If the partnership does not have a balance sheet or its turnover was less than £30,000 leave these boxes blank.

Make sure that you have transferred all the figures to the summary in boxes 3.99 to 3.115 and that each is included once only. Do not bring in any figures not appearing in the balance sheet (unless making an adjustment for partners' personal expenses – see the note on page 8 and at the top of the next column).

You should use your judgement to transfer the figures from the accounts to the most appropriate boxes. Depending on the circumstances of the business, certain elements in the balance sheet may appear as assets or as liabilities. For example, a bank account with business funds in it will be an asset while an overdrawn account will be a liability. For the former enter the balance in box 3.103, while if the account is overdrawn that balance should be entered in box 3.107.

Other elements which might be affected in this way are most commonly the Capital Account balances and the net profit or loss. Where a balance on the Capital Account is overdrawn or the business made a net loss in the year you should enter the amount in brackets. The total figures for all the partners should be given here.

The figure of net profit or loss appearing in the balance sheet should be the same as that you entered in box 3.65 for the same period. The figure for net business assets in box 3.110 should equal the figure for the balance of the Capital Account at the end of the period (box 3.115).

* See page 4 if you are a 'CT Partnership'

Where partners' personal expenses have been included in arriving at the figure of net taxable profit or loss, and these expenses have not been included in the partnership's accounts, you should either:

- make corresponding adjustments to figures returned in boxes 3.112 to 3.114, or
- use the accounts figures in boxes 3.112 to 3.114 and provide a reconciliation in the 'Additional information' box, box 3.116, on page 3 of the Partnership Tax Return.

■ Partnership trade charges

box 3.117 Although amounts paid under an annuity or covenant are not allowable as a partnership expense for tax purposes, individual partners can claim relief for their shares of any trade charges actually paid during the tax year. Enter in box 3.117 the net amount of charges paid for wholly commercial reasons in connection with the partnership trade or profession during the period 6 April 2008 to 5 April 2009*. That is the net amount paid after deduction of tax.

The amount entered in box 3.117 must be separately identified in the Partnership Statement.

■ Foreign income and tax credits

If any of the income included in the entries in boxes 3.26 or 3.73 includes amounts which have been taxed abroad, the partners may be able to claim a credit against their UK tax bill. An essential feature of the allowance of relief for foreign tax paid is the need to separately identify each and every item of the partnership's overseas income.

Example 3

An entry in box 3.73 showing UK taxable trading profits of £150,000 may include:

Nature of income	Foreign profits	Foreign tax paid or suffered
Trading profits (Country A)	£25,000	£8,500
Trading profits (Country B)	£15,000	£4,000
Trading profits (Country C)	£17,500	£5,000

The amount of foreign income may be estimated, for example, in proportion to turnover, or a more precise calculation may be made using the actual expenses incurred in earning overseas receipts.

Each partner will have to be allocated a share of each item of foreign income (and the associated foreign tax credit) in proportion to their share in the total profit shown at box 3.26 or 3.73.

Example 4

If a particular partner had a one-fifth share in trading profits the partner's share of the items shown above would be:

Nature of income	Share of foreign profits	Share of foreign tax paid or suffered
Trading profits (Country A)	£5,000	£1,700
Trading profits (Country B)	£3,000	£ 800
Trading profits (Country C)	£3,500	£1,000

If the partnership has any foreign trading or professional income which has been taxed abroad, give a detailed analysis in the 'Additional information' box, box 3.116, on page 3.

■ Professions and vocations on a 'cash' basis

If the partnership is carrying on a profession or vocation you may, in the past, have used a 'cash' or 'conventional' basis to calculate the profits. Unless the partnership makes up its accounts to 5 April each year you will have calculated a 'special' adjustment for the tax year 1999-2000. If this is positive it will be charged to tax by instalments for 1999-2000 and for the following nine years.

Filling in the Partnership Tax Return

But if you make up your accounts to 5 April then you will have calculated a 'special adjustment' for the tax year 2000-01. If this is positive, it will be charged to tax by instalments for 2000-01 and for the following nine years.

Enter in box 3.82 the taxable amount for this year.

Accounting changes for service contracts - UITF 40

If the partnership is carrying on a trade, profession or vocation and has received income from contracts for professional or other services then you will need to change the way in which you calculate turnover in your accounts. This is because there was a change in the accounting guidance on service contracts for accounting periods ending on or after 22 June 2005. This guidance, issued by the Accounting Standards Board, is called Urgent Issues Task Force Abstract 40 (UITF 40).

If the guidance applies to you, you may also need to include a tax adjustment in this Return.

Help Sheet 238: Revenue Recognition in Service Contracts - UITF 40 tells you more about the new accounting guidance, why it affects your tax and how to work out any tax adjustment.

When you have read the Help Sheet and worked out the amount of the adjustment charged to tax this year, enter it in box 3.82. If you were previously on the cash basis (see above) please also enter the service contract adjustment amount in the 'Additional information' box, box 3.116, as well as the cash basis adjustment instalment.

If a partner left the partnership in the previous tax year they may still be taxable on a share of the adjustment in the current year. However, this share should be excluded from box 3.82. See *Help Sheet 238* for further help in completing the Return.

Intermediaries legislation - IR35

If the partnership provides a partner's services, or the services of others, to clients in circumstances where that partner would be an employee if they worked for the client directly and not through the partnership, then rules about tax and National Insurance contributions introduced from 6 April 2000 may apply. See the section headed 'IR35 - The provision of personal services through a partnership' on *Help Sheet 222: How to calculate your taxable profits*. It tells you how to work out the adjustments to be made to the partnership's taxable profits and where to enter these on the Return.

Transfer of information to the Partnership Statement

The partners need to know their share of certain entries in the Partnership Trading Pages when calculating the tax due on their shares of trade and professional income.

Transfer the amount of:

- any 'adjustment' in box 3.82 to box 11A. Only adjustment income allocated to those who were partners during the return period should be transferred to the partnership statement - see *Help Sheet 238* for further information on completing the Return
- any net profit in box 3.83 to box 11
- any net loss in box 3.84 to box 12
- any CIS deductions made on account of tax in box 3.97 to box 24
- any tax taken off trading income in box 3.98 to box 24A
- any partnership charges in box 3.117 to box 29.

If you want to allocate these figures between the partners at the same time, read pages 15 to 17 of this Guide before you do so. Otherwise move on to Question 7.

Glossary

Accounting date The date to which the partnership accounts are drawn up or, if you do not have accounts, the date to which you have provided details of your business income and expenditure.

Accounting period The period for which the partnership accounts are drawn up or, if you do not have accounts, the period for which you have provided details of your income and expenditure.

Balancing charges Withdrawal of some or all of the capital allowances previously given. They arise when fixed assets stop being used in your business.

Capital allowances Allowances against tax for the cost of certain fixed assets.

First year allowance A capital allowance at a rate higher than the usual writing down allowance. It is given for the year in which an asset is acquired and is given instead of a writing down allowance.

Fixed assets Assets such as buildings, plant and machinery, vehicles, etc. that you use in the business but do not buy and sell as part of your ordinary trading operations. For example, if the partnership carried on the business of plumbing, the van and your tools are fixed assets but your pipes, boilers, etc. are not (they are stock). The cost of buying fixed assets is called capital expenditure.

Stock Raw materials used in your business and goods bought for resale which you have on hand.

Trade Any commercial operation supplying goods or services to a customer for profit is likely to be regarded as a trade. If you are in doubt whether you carried on a trade, profession or vocation during 2008-09, ask us or your tax adviser.

Trade creditors Money the partnership owes other businesses for goods or services you have received but not paid for at your accounting date.

Trade debtors Money the partnership is owed for goods you have sold or work you have done that is included in turnover but remains unpaid at your accounting date.

Turnover is all the money earned by your business before deducting any business expenses. It includes receipts in cash or in kind for goods sold or work done, commission, fees receivable, tips, insurance proceeds for stock and loss of profits etc. But it does not include Business Start Up Allowance (or Enterprise Allowance) which each partner should include separately in their personal Tax Return. Do not include amounts received from the sale of capital items, that is, assets which are of lasting use to the business, such as business premises, plant, machinery and vehicles.

Turnover should be brought into your accounts when it is earned, even if the partnership did not receive the money until later. Amounts you have earned but not received by the accounting date - the partnership trade debtors - should therefore be counted as turnover. This will include goods the partnership had delivered by the accounting date, even if the partnership had not issued a bill by then. **But make sure you do not count money the partnership received in this period that was included as turnover in an earlier period when it was earned.**

Work in progress Partially manufactured stock the partnership has on hand.

Q7 Did the partnership receive any other income which you have not already included elsewhere in the Partnership Tax Return?

If you do not tick the 'Yes' box, go to the Partnership Statement on page 6 of the Return

Otherwise, check the following lists to see whether the income should be included in the Partnership Tax Return.

Exclude:

- Premium Bond, National Lottery and gambling prizes
- accumulated interest on National Savings & Investments Certificates, including index-linked certificates

Filling in the Partnership Tax Return

- interest awarded by a UK court as part of an award of damages for personal injury or death
- receipts under a permanent health insurance policy. Only include those that are trading receipts because they are to meet the sick pay of employees
- gains on UK life assurance policies, life annuities or capital redemption policies, even if the policy or contract was effected by, or is in, the partnership's name. The special rules for taxing these gains mean that each partner's share of the gain should be shown on their personal Tax Return. If you need further help ask us or your tax adviser
- accrued income on transfer of securities
- profits from selling certificates of deposit.

Include:

- interest and alternative finance receipts from UK banks or building societies
- interest and alternative finance receipts from savings held at an overseas branch of a UK bank or building society
- interest distributions from UK authorised unit trusts or UK open-ended investment companies
- National Savings & Investments First Option Bonds and Fixed Rate Savings Bonds
- income from other National Savings & Investments products (except the exclusion listed on page 13)
- other savings income, annuities, deeply discounted securities
- dividends from UK companies and UK authorised unit trusts or UK open-ended investment companies
- other distributions
- UK stock dividends
- other income of the partnership which is not included elsewhere in the Partnership Tax Return.

If the partnership has:

- received cash as a result of a merger of two or more building societies, **or**
- received cash, or been issued with shares, or received both cash and shares, as a result of either
 - a conversion of a building society to a company, **or**
 - a take-over of a building society by a company

there may be liability to either Income Tax or Capital Gains Tax.

The building society may be able to tell you whether there is any tax liability. If not, you should ask us or your tax adviser.

If the partnership received cash, then:

- if the payment is liable to Income Tax (which is likely if it received it following a building society merger), enter it in boxes 7.7 to 7.9 (or boxes 7.7A to 7.9A). If you are not sure whether the amount is liable to Income Tax, include it in boxes 7.7 to 7.9 (or boxes 7.7A to 7.9A) then tick box 10.1 on page 8 of the Partnership Tax Return and give full details of the payment in the 'Additional information' box, box 3.116
- if the payment is liable to Capital Gains Tax (which is likely if the partnership received it following a conversion or take-over of a building society), details of that sum should be given in the Partnership Disposal of Chargeable Assets Pages.

If the partnership received shares following a building society take-over or conversion, then you may need to supply details only when it disposes of those shares. Ask us for details.

■ Filling in the boxes

If the partnership's only other income is interest or alternative finance receipts paid with tax deducted by a bank or building society, fill in boxes 7.7A to 7.9A on page 8. Otherwise ask the Orderline for the full Partnership Savings Pages and complete those instead.

■ Interest and alternative finance receipts paid with tax taken off

The return period for all taxed income is the period 6 April 2008 to 5 April 2009. (See page 4 if you are a 'CT Partnership'.)

boxes 7.7A to 7.9A Interest and alternative finance receipts are generally paid after tax is taken off. The partnership's bank or building society statement or pass book will usually show you the amount of interest or alternative finance receipts after tax (sometimes described as 'net' interest or alternative finance receipt), the amount of tax taken off and the amount of interest or alternative finance receipt before tax taken off ('gross' interest or alternative finance receipt). Add up the amounts for the year ended 5 April 2009 from all the partnership's accounts. Enter the totals in boxes 7.7A, 7.8A and 7.9A. If you do not have the information, you should ask the bank etc. in writing, to provide the partnership with a tax deduction certificate.

Copy the figure in box 7.9A to box 22 of the Partnership Statement on page 6.

Copy the figure in box 7.8A to box 25 of the Partnership Statement.

Filling in the Partnership Statement

The Partnership Tax Return includes a Partnership Statement (on pages 6 and 7) for summarising the profits, losses or income allocated to the partners.

There are two types of Partnership Statement:

- a 'full' version covering all the possible types of partnership income, **and**
- a 'short' version for partnerships that have only trading or professional income and interest or alternative finance receipts with tax deducted from banks, building societies or other deposit takers.

The Partnership Tax Return we have sent you includes the 'short' Partnership Statement. Ask the Orderline if you need the 'full' version.

You may need to complete more than one Partnership Statement if, for example, the partnership has made up more than one account ending in 2008-09.

The short Statement caters for up to three partners. If there were more than three partners, photocopy page 7 of the Partnership Tax Return before you fill it in, and use the photocopies. Attach those photocopies to the Partnership Tax Return when you send it back.

Work your way through the Partnership Statement box by box. It is set out to help you provide a summary of the:

- partnership profit (and related items) for 2008-09, **and**
- shares of profit (and related items) allocated to the partners who were members of the partnership during the period covered by the Partnership Tax Return.

You need only complete the boxes appropriate to your partnership. You should enter a valid unique taxpayer reference (UTR) for each partner in box 8 on the Partnership Statement. For partners who are not resident in the UK, please contact Charities Assets and Residence: Residency who will allocate a UTR where one is not known.

Each item in the summary of the partnership profit must also be allocated to the partners. A summary of the shares allocated to each partner is required for each partner who was a member of the partnership during the period (or periods) covered by the Partnership Tax Return. This same information will also be needed by each partner to complete their personal Tax Return.

If the profits are shared between the partners on a simple percentage basis (for example, 50% each), then we do not need any further information. We can work out the profit sharing arrangement from the allocated shares if we need to correct any mistakes.

Filling in the Partnership Tax Return

If the profits are not shared on a simple percentage basis, for example, if a partner is entitled to a fixed share or salary, give details of the profit sharing arrangements in the 'Additional information' box, box 3.116.

The green text on the Partnership Statement indicates where the shares of profit (and related items) must be entered in each partner's own personal Tax Return. A copy of the Partnership Statement, or the section of the Statement containing the summary of the shares allocated to a particular partner, will usually provide all the information partners need to complete the Partnership Pages of their own Tax Return. (You may need to provide partners with more detailed or additional information on foreign income and disposals of chargeable assets.)

How to allocate profit to the partners

In the first instance the allocation of profit (or related item) should usually follow the commercial profit sharing arrangement for the period for which that profit (or related item) has been returned.

However, special rules apply where this process produces a mixture of notional profits and losses.

Special rules apply also for the allocation of the cash basis 'adjustment' (see the note 'Professions and vocations on a cash basis' on page 12). Enter in box 3.82 the taxable amount for this year.

Trade and professional income

The allocation of profit (or related item) should, in the first instance, follow the commercial profit sharing arrangement for the accounting period for which the trade or professional income has been returned.

For each partner enter the total share allocated in the box provided.

Example 5

A partnership consisting of Mr Jones and Mrs Smith made a trading profit of £10,000. So the entry in box 11 of the Partnership Statement is £10,000.

Mrs Smith was entitled under the terms of their partnership agreement to a salary of £2,000 with the balance of profits being shared equally, that is:

$$£10,000 - £2,000 = £8,000 \times 50\% = £4,000 \text{ each.}$$

For Mr Jones the total profit allocated is £4,000 and is entered in box 11 in Mr Jones's Statement.

For Mrs Smith, the total profit allocated is: £2,000 + £4,000 = £6,000 and is entered in box 11 in Mrs Smith's Statement.

The 'Additional information' box, box 3.116, on page 3 of the Partnership Tax Return should be completed to show that Mrs Smith is entitled to a salary of £2,000 with the balance of profits being shared equally.

However, the allocation process cannot create or increase a loss. For tax purposes the allocation of profit (or loss) between partners must result in a straight apportionment of the actual profit (or loss) made by the partnership. If the initial allocation using the commercial profit sharing arrangement for all the partners produces a mixture of notional profits and losses, the actual partnership profit (or loss) must be reallocated between the profit making (or loss making) partners alone. This reallocation is made in proportion to the notional profit (or loss) initially allocated to those partners.

Example 6

Mr Red, Ms White and Mrs Blue are in partnership and made a trading profit of £8,900, so the entry in box 11 of the Partnership Statement is £8,900.

Mr Red and Ms White are entitled to salaries of £5,200. The balance of profits are shared equally. The partnership profits would initially be allocated as follows:

	Red	White	Blue	Total
Partnership profit				£8,900
Salary	£5,200	£5,200	nil	£10,400
Balance of profit	(£500)	(£500)	(£500)	(£1,500)
Net Allocated	£4,700	£4,700	(£500)	£8,900

But the aggregate notional profit allocated to Mr Red and Ms White is £9,400 (not £8,900, the profit actually made by the partnership), whilst Mrs Blue has been allocated a notional loss of (£500), even though no loss was actually made by the partnership.

So the actual partnership profits must be reallocated between the profit making partners. The reallocation is made in proportion to the notional profit initially allocated to each partner: that is, in the ratio:

$$\frac{(4700)}{(9400)} : \frac{(4700)}{(9400)} \text{ or } 50\% : 50\%$$

	Red	White	Blue	Total
Net Allocated	£4,700	£4,700	(£500)	£8,900
Percentage	(50%)	(50%)	(0%)	
Reallocated	£4,450	£4,450	nil	£8,900

For Mr Red and Ms White this reallocation is equivalent to a 50% share of the balance of profit - in this case a loss - (£750). For Mrs Blue this reallocation is equivalent to a 0% share of the balance of profit, £0.

For Mr Red and Ms White the total profit allocated is £5,200 minus £750 = £4,450 and is entered in their Statements.

For Mrs Blue the total profit allocated is 0 + 0 = 0 and is entered in her Statement. (Of course Mrs Blue may be entitled to a share in some other source of income.)

The 'Additional information' box on page 3 of the Partnership Tax Return should be completed to explain that Mr Red and Ms White are entitled to shares of £5,200 and the balance of profits are shared equally.

If you require further advice on how to allocate profits (or losses), please ask us or your tax adviser.

Other types of income and related items

The allocation of any other item of profit (or a related item such as a tax credit) should, in the first instance, follow the commercial profit sharing arrangement **for the period for which that profit (or related item) has been returned.**

If the profit (or related item) has been returned for an accounting period, then the allocation should be made to the partners who were partners during that accounting period.

If the profit (or related item) has been returned for the period 6 April 2008 to 5 April 2009, then the allocation should be made to the partners who were partners during the period 6 April 2008 to 5 April 2009.

Where exceptionally this process produces a mixture of notional profits and losses, the special rules apply (see aside and the example above).

However, in most cases partnership income other than from a trade or profession is shared on a straight apportionment basis in the same ratio as applies to the balance of trade or professional income.

Filling in the Partnership Tax Return

- Examples of allocations for different types of income (and related items)

Trade and professional income

Example 7

Richard and Jonathan are in partnership as carpenters. The results recorded in the Partnership Trading Pages are as follows:

Profit	box 3.83	£18,000
'CIS deductions'	box 3.97	£6,000

In the summary of partnership profits £18,000 is entered in box 11 and £6,000 in box 24.

The profits and 'CIS deductions' are allocated in the ratio two-thirds:one-third, as follows:

	Richard	Jonathan
Profit	£12,000	£6,000
'CIS deductions'	£4,000	£2,000

In the Statement for Richard, £12,000 will be entered in box 11 and £4,000 in box 24. In the Statement for Jonathan, £6,000 will be entered in box 11 and £2,000 in box 24.

Example 8

Julia and Caroline are in partnership. Their business activities comprise two trades; running a village shop and running the tea rooms at a local stately home. The results from each activity are recorded in separate sets of Partnership Trading Pages as follows:

Village shop	loss	in box 3.84	(£12,000)
Tea rooms	profit	in box 3.83	£22,500

Separate Partnership Statements are required for each trade.

The summary for the village shop will show (£12,000) at box 12; the summary for the tea rooms will show £22,500 at box 11.

The profits and losses are allocated equally, as follows:

	Julia	Caroline
Village shop	loss	(£6,000)
Tea rooms	profit	£11,250

Two summaries of partner's share will be required for each partner. On one a loss of £6,000 will be entered in box 12, on the other a profit of £11,250 will be entered in box 11.

Savings, investments and other income

Example 9

Ingrid and Peter are in partnership as booksellers. In addition to that income during the year to 5 April 2009 the partnership received bank interest of £10,000 from which tax of £2,000 had been deducted. They share profits 60% to Ingrid and 40% to Peter. The figure of £8,000 is entered in box 7.7A, £2,000 in box 7.8A and £10,000 in box 7.9A.

In the summary of partnership profits £10,000 is entered in box 22 and £2,000 in box 25.

The income and tax is allocated as follows:

	Ingrid	Peter
Income	£6,000	£4,000
Tax	£1,200	£800

In the summary of partner's share for Ingrid, £6,000 will be entered in box 22 and £1,200 in box 25. In the summary of partner's share for Peter, £4,000 will be entered in box 22 and £800 in box 25.

Foreign income

An essential feature of the allowance of relief for foreign tax paid is the need to separately identify each and every item of overseas income so that each partner can claim tax relief for their share of any foreign tax paid.

Example 10

The entries on the Partnership Foreign Pages may include:

Nature of income	Foreign profits	Foreign tax paid
Dividends (Company X)	£1,200	£150
Dividends (Company Y)	£600	£150
Interest (Company N)	£3,000	£1,500

Allocate to each partner their share of each item of foreign income (and the associated tax credit). For example, if the partnership has three partners entitled to equal shares of profits:

Nature of income	Share of foreign profits	Share of foreign tax paid
Dividends (Company X)	£400	£50
Dividends (Company Y)	£200	£50
Interest (Company N)	£1,000	£500

When you have allocated the foreign income and foreign credits on a country by country basis you should let each partner have details in the format shown above. You should let us have a copy of the allocation to the partners in the same format in the 'Additional information' box, box 3.116, on page 3.

Example 11

John, Hugh and David are in partnership. They share profits equally. In the year ended 31 December 2008 the partnership, in addition to its trading profits, received income from the letting of a property situated abroad. The partnership made a profit of £12,000 from the letting and foreign tax of £3,000 was paid on this.

Page PF3 is completed and £12,000 is entered in column B on Page PF2 against the entry 'Income from land and property' and the tax of £3,000 in column D. £12,000 should also be entered in box 2.7 and £3,000 in box 2.8.

These figures are then allocated amongst the partners as follows:

	John	Hugh	David
Income from land and property	£4,000	£4,000	£4,000
Foreign tax	£1,000	£1,000	£1,000

£4,000 should be entered in box 17 in the summary of partner's share for each partner, and £1,000 should be entered in box 28. £12,000 is entered in box 17 and £3,000 in box 28 of the Partnership Statement (Full).

Rental business

Example 12

Nigel, Tom and Alice are in partnership.

In the year ended 5 April 2009 they have property income as follows:

Furnished holiday lettings	loss	(£12,000)
Furnished lettings	profit	£3,000
Unfurnished lettings	profit	£6,000

They share profits and losses equally.

A completed set of Pages PL1 and PL2 for Nigel, Tom and Alice will have box entries as follows:

box 1.17	(£12,000)
box 1.37	£9,000

The amount entered in box 20 in the Partnership Statement is (£12,000) and in box 19 is £9,000.

The profits and losses are allocated as follows:

	Nigel	Tom	Alice
Furnished holiday lettings loss	(£4,000)	(£4,000)	(£4,000)
Rental profit	£3,000	£3,000	£3,000

The entries required in the Partnership Statement (Full) are the same for each partner. An entry of (£4,000) is made in box 20 and an entry of £3,000 in box 19.

Filling in the Partnership Tax Return

Disposal of chargeable assets

Although you only need to enter the total proceeds allocated to each partner in box 30 of the Partnership Statement (Full), the partner will need the details of each disposal to calculate any tax due.

Example 13

Sue, Bob and Anna are in partnership. During the year 2008-09 the partnership disposes of three chargeable assets:

Asset 1	£10,000
Asset 2	£7,000
Asset 3	£21,000
Total proceeds	£38,000

The amount to be entered in box 4.1 on Page PA1 and in box 30 in the summary of partnership's profits is £38,000.

Sue, Bob and Anna had shares in these three assets as follows:

	Sue	Bob	Anna
Asset 1	3/4	1/4	nil
Asset 2	1/2	1/2	nil
Asset 3	1/3	1/3	1/3

The disposal proceeds must be allocated as follows:

	Sue	Bob	Anna
Asset 1	£7,500	£2,500	0
Asset 2	£3,500	£3,500	0
Asset 3	£7,000	£7,000	£7,000

The amounts entered in the summaries of partner's share in box 30 in the Statement for each partner are:

Sue	£18,000
Bob	£13,000
Anna	£7,000

Q8 Are the details on the front of the Partnership Tax Return *wrong*?

If you do not tick the 'Yes' box, go to Question 9

If you tick the 'Yes' box, make the corrections on the front of the Partnership Tax Return.

You should draw our attention to a change of address within the last 12 months by putting the words 'NEW ADDRESS' alongside the address box on page 1 of the Partnership Tax Return. Alternatively, you can provide your new address in box 3.116 on page 3.

Q9 Please give a daytime phone number in boxes 9.1 and 9.2

boxes 9.1 to 9.3 Please enter your, or your adviser's, phone number in the appropriate box. Please include the area code. (If you give your adviser's number please also give the adviser's name and address in box 9.3.)

Q10 Other Information

Provisional figures

box 10.1 Do not delay sending the Partnership Tax Return just because you do not have all the information you need. You must do your best to obtain the information, but if you cannot provide final figures by the time you need to send the Partnership Tax Return, then provide provisional amounts. It is important that we receive the Partnership Tax Return by the due date. Tick box 10.1 and say in

the 'Additional information' box, box 3.116, which figures are provisional (refer to appropriate box numbers in the Partnership Tax Return). It would also help if, in box 3.116, you:

- say why you could not give final figure(s), and
- give an approximate date on which you expect to give your final figure(s).

If you use provisional figures you must have taken all reasonable steps to get the final figures, and ensure that they are sent as soon as they are available. We would not regard pressure of work either on you or your tax adviser, or the complexity of the partnership's affairs, as reasons for using a provisional figure.

You must ensure that any provisional figures you do include are reasonable and take account of all information available to you.

If you negligently submit a provisional figure that is either inaccurate or unnecessary, each partner may have to pay a penalty.

Estimates (including valuations)

In some situations you may need to provide an estimated figure or a valuation that you do not intend to amend at a later date.

Broadly, this will be the case where:

- a valuation is required (for example, of an asset at a certain date for the purposes of calculating Capital Gains Tax liability)
- there is inadequate information to enable you to arrive at a reliable figure (for example, where the records concerned have been lost or destroyed), or
- although there is inadequate information to arrive at a precise figure, a reliable estimate can be made (for example, where the private proportion of an expense such as motoring expenses has been calculated on the basis of the detailed records of a representative sample period).

You should identify any valuations you have used, either by ticking the appropriate box in the Partnership Tax Return, and providing the details which the Notes ask for, or by identifying the figure in the 'Additional information' box of the relevant Pages, or in box 3.116 on page 3 of the Partnership Tax Return and giving details of the valuation. Do not tick box 10.1.

You should also identify any figures in the Partnership Tax Return which may not be very reliable, explaining, where appropriate, how the figure has been arrived at. But if you are including an estimate which, while not a precise figure, is sufficiently reliable to enable you to make an accurate Return, there is no need to mention this.

Disclosure of tax avoidance schemes

boxes 10.2 and 10.3 Enter in box 10.2 the scheme reference number (SRN) of any scheme or arrangement the partnership has used to obtain a tax or National Insurance contributions advantage now or in the future. In most cases you will have received the SRN from the scheme promoter, but in some cases you may have received the SRN from HM Revenue & Customs.

Advantage here means:

- relief or increased relief from, or
- repayment or increased repayment of, or
- the avoidance or reduction of a charge to, or
- the avoidance of an assessment or a possible assessment to, or
- the deferral of any payment or the advancement of any repayment of, or
- the avoidance of any obligation to deduct or account for Income Tax or National Insurance contributions.

If you are an employer and the notifiable arrangements concerned are arrangements connected with employment, you should not enter the SRN in this return. SRNs for employment products should be notified separately using form AAG4, available from www.hmrc.gov.uk or from the Orderline.

Filling in the Partnership Tax Return

If you fail to report the SRN for a scheme or arrangement, you will be liable to a penalty.

Enter in box 10.3 the year in which the expected tax or National Insurance contribution advantage first arises to the partners. This may be the year to 5 April 2009 or a future year. It may be an earlier year if this is the first time you have reported the SRN. Even if you have reported the SRN in a previous return, you must continue to report it until there is no longer an advantage (for example, until losses produced by the scheme have been used up).

Further information on the rules for disclosure of tax avoidance schemes and arrangements is at www.hmrc.gov.uk (search using 'disclosure avoidance guidance') or you can contact us.

Business Premises Renovation Allowance (BPRAs)

boxes 10.4 and 10.5 The BPRAs scheme took effect from 11 April 2007. From that date, for a period of five years, if you carry out conversion, renovation or repairs to unused business premises which brings them back into business use, you are entitled to claim a 100% allowance against the costs incurred, subject to the following rules.

To qualify for BPRAs, premises must:

- not have been used for any trading or other business activity, or as offices, for at least one year before the works began
- be in an Assisted Area that is, an area that is considered to be disadvantaged and eligible for regional aid. To see whether an area qualifies go to www.dtistats.net/regional-aa/aa2007.asp
- be available for business or commercial use after the works are complete (but must not be used for farming, fisheries and aquaculture, the manufacture of substitute milk products or synthetic fibres, shipbuilding, steel or coal industries).

BPRAs cannot be claimed:

- if the renovation expenditure has been incurred on any residential property, or
- on the costs of acquiring the land, extending the business premises, or developing land next to the business premises.

For further information about BPRAs and the conditions you must satisfy to claim the allowance, go to www.hmrc.gov.uk

For BPRAs balancing charges

To qualify for BPRAs, premises must be held for at least seven years from the date the premises were first used or were suitable for letting. If within that period:

- the premises are sold – either freehold or by a long lease of 21 years, or
- the premises cease to be used for business activities, or
- the premises are demolished or destroyed, or
- the person who incurred the renovation costs dies

the allowance must be repaid. This is done by means of an adjustment known as a balancing charge. Enter in box 10.5 the amount of BPRAs which you have previously claimed on the premises.

Q11 Declaration

boxes 11.1 to 11.4 Read the Declaration carefully.

Tick the boxes opposite the Pages you have completed. Enter in box 11.1 the number of additional Partnership Statements you are sending as part of the Partnership Tax Return. You must complete a summary for each partner who was a member of the partnership during each of the periods for which information is included in the Partnership Tax Return. Enter in box 11.2 the number of partners who were in this partnership during the period for which information has been returned.

If you have filled in the Partnership Tax Return

Sign and date the Declaration in box 11.3 and print your name under your signature. Send back any supplementary Pages you have completed.

If you have had the Partnership Tax Return filled in for you by someone else

If you have had the Partnership Tax Return filled in for you by someone else acting on your behalf, you must still sign the Return yourself to confirm to us that, to the best of your knowledge, it is correct and complete. This applies whether you have paid for the services of an accountant or other tax practitioner, or have simply had help from a friend or relative.

You should always allow sufficient time for checking and signing the Return if it has been completed by someone on your behalf (particularly if you are likely to be abroad near the deadline for sending the Return back to us). Failure to make appropriate arrangements could mean that you miss the deadline and you and your partners are charged penalties and interest on any tax paid late.

Exceptional circumstances in which someone other than the taxpayer can sign a Tax Return

For persons who are mentally incapable of understanding the Partnership Tax Return it may be completed and signed on their behalf by the following authorised persons:

- a Receiver appointed by the Court of Protection (England and Wales)
- a Curator Bonis appointed by the Office of the Accountant of Court (Scotland)
- a Controller appointed by the Court of Care and Protection (Northern Ireland)
- an Attorney appointed under an Enduring Power, registered in the appropriate court, or
- any person so authorised by any of the above courts.

If you have not previously provided us with evidence of your appointment, please enclose the relevant documentation with the Return.

Payment of tax on partnership profits

Each partner is individually responsible for paying the tax due on his or her share of the partnership profits. Payment has to be made to the partner's Self Assessment tax account. Usually partners will pay their own liability. Exceptionally a partnership may wish to make one payment on behalf of some or all of the partners.

When you make a partnership payment, you must provide full details of how the payment is to be apportioned between the partners. If you are not paying by BACS, the most convenient way is to use the payslips we issue. Full payment details ensure there is no delay in updating partners' records.

The payment details you provide for each partner must include the:

- partner's name
- 10 digit tax reference with a suffix K as shown on the payslip (for example 2345676543K), and
- amount to be credited to the partner's account.

If you need advice about making a partnership payment, please phone the payment helpline on 0845 366 7816.

Unless you are paying by BACS, we ask that you use the payslip at the foot of the Statement of Account or Self Assessment reminder sent to each partner. That way you only have to ensure the payment amount is shown on the payslip.

Filing in the Partnership Tax Return

If you wish to make a single payment on behalf of the partners you can use one of the following methods of payment.

1. **Bank Giro:** Present the partners' payslips with your payment to a branch of your bank.
2. **BACS Direct Credit:** If you already make regular submissions to BACS you can include details of each partner's payment in one of your submissions.
3. **CHAPS:** Five days or more before the date you intend to make the transfer send an email to your Accounts Office.

The Cumbernauld email address is:
aoc.directpayments@hmrc.gsi.gov.uk

The Shipley email address is:
aos.directpayments@hmrc.gsi.gov.uk

In the subject line show 'CHAPS composite payment'. Please show the partnership reference numbers and the amount you are paying for each partner. This should agree to the total being sent. You should also show the date of the proposed CHAPS transfer and provide a contact name and phone number.

On the transfer date, arrange for a single credit to be transferred by CHAPS. In the reference number box please show the words 'see email'.

4. **Cheque:** Where the number of partners is 99 or fewer, send us a cheque with a separate payslip for each of the partners. A totalled list of payslips would also be helpful. Instructions for cheque completion are on the reverse of the Statement of Account. Please write your partnership reference on the cheque.

If there are more than 99 partners, use one of the three payment methods above. Alternatively, form bundles of 99 payslips or fewer and send us each bundle with a separate cheque.

Our bank details for payment by BACS or CHAPS are as follows:

For payment to Accounts Office	Cumbernauld	Shipley
Bank sort code	10 51 67	10 50 41
Account number	23444401	23456000
Destination Account Names	AO Cumbernauld	AO Shipley

The Accounts Office is shown on the back of any one of the Self Assessment Statements or reminders issued to a partner.

Please contact the payments helpline on 0845 366 7816 if you have any questions about making payment.

■ What happens if the Return is incorrect?

As nominated partner you are responsible for the accuracy of the Partnership Tax Return.

If it is incorrect and:

- the partners have paid too much tax, we will repay it to them plus interest on the amount overpaid, or
- the partners have not paid enough tax, we will ask for further tax. We may require them to pay interest from the original due date and a surcharge.

If you send the Partnership Tax Return and then find out that you made a mistake, let us know at once.

If the Partnership Tax Return is incorrect because you have failed to take reasonable care, each partner may face a maximum penalty ranging from 30% to 100% of the difference between the correct tax due on that partner's share of partnership profits and the amount due on figures the partnership has provided. In some circumstances the partners could also be prosecuted for deliberate errors.

■ If the notice requiring you to make the Partnership Tax Return was given after 31 July 2009

If the notice requiring you to make the Partnership Tax Return was given after 31 July 2009 but on or before 31 October 2009 (you may have slightly longer if the partnership includes a company as a partner), we must receive it from you by the later of:

- three months from the date the notice was given for a paper Tax Return, or
- 31 January 2010 for an online Tax Return.

If the notice requiring you to make the Partnership Tax Return was given after 31 October 2009 (you may have slightly longer if the partnership includes a company as a partner), we must receive it from you three months from the date the notice was given whether you send us a paper Tax Return or an online Tax Return.

The notice requiring you to make the Partnership Tax Return is 'given' on the day it is delivered to you. We will normally assume, for example, for the purpose of charging automatic penalties for the late submission of the Partnership Tax Return, that delivery will have taken place no more than seven days after the date of issue shown on the front of the Return.

■ Filing dates if the partnership includes a company as a partner

If a partnership includes a company as a partner, the filing date for the Partnership Tax Return will depend on the relevant period. This is normally the period or periods to which the partnership makes up accounts and will end on the accounting date(s) of the partnership ending in the tax year.

The relevant period will be the same as the tax year:

- where the partnership makes up accounts to 5 April,
- where there are no partnership accounts ending in the tax year,
- for investment partnerships that do not carry on a trade or profession.

Relevant periods ending on or between 6 April 2008 and 31 January 2009

The filing date for the Partnership Tax Return will be:

- 31 October 2009 for a paper Tax Return, or
- 31 January 2010 for an online Tax Return.

Relevant periods ending on or between 1 February 2009 and 5 April 2009

The filing date for the Partnership Tax Return will be:

- nine months from the end of the relevant period for a paper Tax Return, or
- the first anniversary of the end of the relevant period for an online Tax Return.

You will always have at least three months from the date the notice was given to file the Partnership Tax Return.

If you have a complaint

Problems can usually be settled most quickly and easily by the office you have been dealing with. You will always be given a contact name or number in any correspondence we send you.

If you cannot settle a matter with the office you have been dealing with, you can write to:

- the Director with overall responsibility for that office or unit, or
- if the problem concerns the service you have been given by an Accounts Office, the Director of that Office.

The Director will look into your case and quickly let you know the outcome. For more information about making complaints, please go to www.hmrc.gov.uk and look for *Complaints* within the *Search* facility.

If you are still not happy

If the Director has not been able to settle your complaint to your satisfaction, you can ask the Adjudicator to look into it and recommend appropriate action. The Adjudicator is an impartial referee whose recommendations are independent.

The Adjudicator's address is:

The Adjudicator's Office
8th Floor
Euston Tower
286 Euston Road
London NW1 3US

Phone **0300 057 1111** or **020 7667 1832**

Fax **0300 057 1212** (Typetalk facilities are available)

The Adjudicator's leaflet *AO1* gives information about complaining to the Adjudicator.

Finally, you can ask your MP to refer your case to the independent Parliamentary and Health Service Ombudsman. The Ombudsman will accept referral from any MP, but you should approach your own MP first. Further information is available from:

The Parliamentary and Health Service Ombudsman
Millbank Tower
Millbank
London SW1P 4QP

Phone: **0845 015 4033**

Fax: **020 7217 4000**.

Our service commitment to you

HM Revenue & Customs is committed to serving your needs well by:

Acting fairly and impartially

We:

- treat your affairs in strict confidence, within the law
- want you to receive or pay only the right amount due.

Communicating effectively with you

We aim to provide:

- clear and simple forms and guidance
- accurate and complete information in a helpful and appropriate way.

Providing good quality service

We will aim to:

- handle your affairs promptly and accurately
- be accessible in ways that aim to meet your needs
- keep your costs to the minimum necessary
- be courteous and professional.

Taking responsibility for our service

If you wish to comment or make a complaint we want to hear from you so we can improve our service. We will advise you how to do this.

We can provide a better service if you help us by:

- keeping accurate and up to date records
- letting us know if your personal/business circumstances change
- giving us correct and complete information when we ask for it
- paying on time what you should pay.

How we use your information

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits, to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so. For more information go to www.hmrc.gov.uk and look for *Data Protection Act* within the *Search* facility.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal.