

BUDGET 2013

Anti-avoidance affecting partnerships

As referred to in George Osborne's Budget speech this afternoon, HMRC will be consulting on the tax treatment of partnerships. HMRC have issued the following statement:

"Partnerships – The misuse of the partnership rules has been the feature of many avoidance schemes closed down in recent years. The Government announced in the Autumn Statement 2012 that it would consider whether partnerships should be reviewed, as part of the rolling examination of high risk areas of the tax code. The Government has now announced that it will consult on measures to:

- *remove the presumption of self-employment for limited liability partnership (LLP) partners, to tackle the disguising of employment relationships through LLPs; and*
- *counter the manipulation of profit/loss allocations by partnerships including a company, trust or similar vehicle in order to secure tax advantages.*

A consultation document will be published in the spring, with legislation to be introduced in the Finance Bill 2014."

This will be of obvious concern to many in the financial services industry who frequently operate with an LLP structure including one or more corporate members.

Rest assured that we will follow this closely and alert you as soon we have further information following the publication of the consultation document.

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20 March 2013

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