Example 1
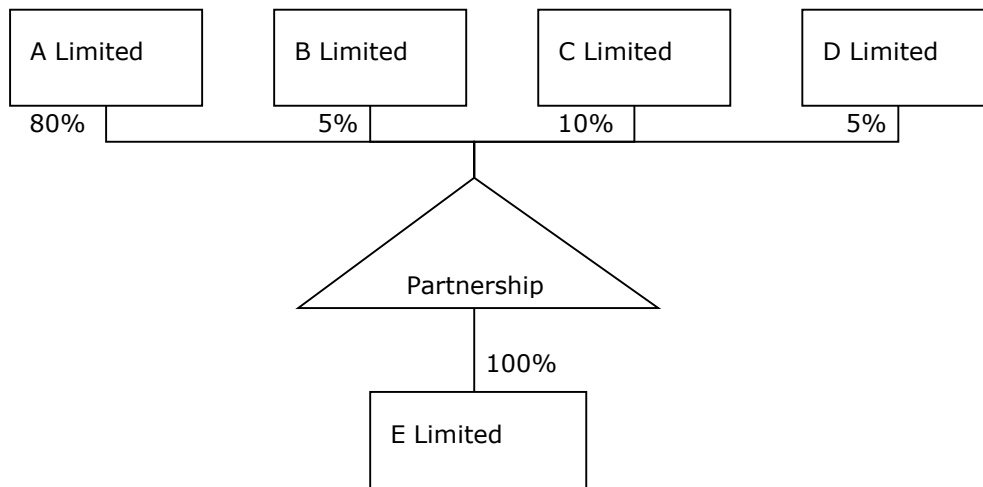

The English general partnership owns 100% of the share capital in E Limited. A, B, C, and D Limited are members of the partnership and each own a proportion of the partnership assets as shown in the diagram.

The beneficial ownership of the partnership assets is considered to belong to the members in proportion to their partnership shares. Hence A Limited will own (80% x 100% =) 80% of the ordinary share capital in E Limited. B and D Limited will each own 5%, and C will own 10%. This means that A and E will be in a group relationship because E is a 75% subsidiary of A (CTM80151).

Example 2
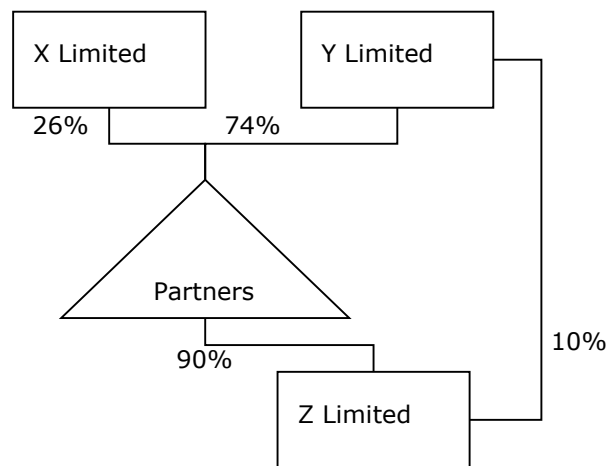
X Limited and Y Limited are, respectively 26% and 74% partners in the English limited partnership and entitlement to assets follows the partnership share. The partnership holds 90% of the ordinary share capital in Z Limited. The other 10% of the share capital in Z Limited is owned directly by Y Limited.

X Limited is the direct beneficial owner of (26% x 90% =) 23% of the ordinary share capital in Z Limited because of its partnership share (see CTA10/S1155(1): shareholdings are only indirect if held through a body corporate).

Y Limited is the direct beneficial owner of (74% x 90% =) 67% of the ordinary share capital in Z Limited through its partnership share and a further 10% from its own holding. Therefore 77% of Z Limited's ordinary share capital is beneficially owned directly by Y Limited. This is enough to create a group relationship for group relief between Y and Z.