

Name
Tax reference

Fill in these boxes first

You will need to fill in a copy of these Pages for each partnership of which you were a member, or for each business carried on by the partnership.

Partnership details

Partnership reference number

4.1

Partnership trade or profession

4.2

● Date you started being a partner (if during 1996-97)

4.3 / /

● Date you stopped being a partner (if during 1996-97)

4.4 / /
Your share of the partnership's trading or professional income

Ignore boxes 4.5 and 4.6 if you were a member of an 'old' partnership

Basis period begins

4.5 / /

and ends

4.6 / /

● Your share of the profit or loss of this year's account for tax purposes

4.7 £

Ignore boxes 4.8 and 4.9 if you were a member of an 'old' partnership

● Adjustment to arrive at profit or loss for this basis period

4.8 £

● Adjustment for farmers' averaging (or foreign tax deducted, if tax credit relief not claimed)

4.9 £
Net profit for 1996-97 (if loss, enter '0' in box 4.10 and enter the loss in box 4.11)
4.10 £
Allowable loss for 1996-97
4.11 £

● Loss offset against other income for 1996-97

4.12 £

● Loss to carry back

4.13 £

● Loss to carry forward (that is, allowable loss not claimed in any other way)

4.14 £

● Losses brought forward from last year

4.15 £

● Losses brought forward from last year used this year

4.16 £
Taxable profit after losses brought forward

 box 4.10 minus box 4.16
4.17 £

● Add amounts not included in the partnership accounts that are needed to calculate your taxable profit (for example Enterprise Allowance (Business Start-up Allowance) received in 1996-97)

4.18 £
Total taxable profits from this business

 box 4.17 + box 4.18
4.19 £
Class 4 National Insurance Contributions

● Tick this box if exception or deferment applies

4.20

● Adjustments to profit chargeable to Class 4 National Insurance Contributions

4.21 £
Class 4 National Insurance Contributions due
4.22 £

Your share of untaxed income

Remember: the way in which you fill in Pages P2 and P3 depends on whether you were a member of an 'old' partnership or a 'new' partnership.

Income tax basis period begins **4.23** / / and ends **4.24** / /

Income from UK savings

● Allocated share of savings **4.25** £

● Adjustment to profit **4.26** £

● Adjusted income for basis period **4.27** £

Income from foreign savings

● Allocated profit **4.28** £

● Adjustment to profit **4.29** £

● Total foreign tax deducted, if tax credit relief not claimed **4.30** £

● Adjusted income for basis period **4.31** £

box 4.27 + box 4.31

Untaxed income liable at 20% **4.32** £

Other untaxed UK income

● Allocated loss for 1996-97 **4.33** £

● Allocated profit **4.34** £

● Adjusted loss for basis period **4.35** £

● Adjusted profit **4.36** £

● Loss brought forward **4.37** £

● Loss carried forward **4.38** £

Taxable profit after adjustment and losses. Enter '0' if a loss **4.39** £

Other untaxed foreign income

● Allocated loss for 1996-97 **4.40** £

● Allocated profit **4.41** £

● Adjusted loss for basis period **4.42** £

● Adjusted profit **4.43** £

● Loss brought forward **4.44** £

● Total foreign tax deducted if tax credit relief not claimed **4.45** £

● Loss carried forward **4.46** £

Taxable profit after adjustment and losses. Enter '0' if a loss **4.47** £

Income from offshore funds

● Allocated profit **4.48** £

● Adjusted profit **4.49** £

● Total foreign tax deducted, if tax credit relief not claimed **4.50** £

Taxable profit after adjustment **4.51** £

Your share of untaxed income *continued*

Income from UK land and property

● Allocated profit or loss for 1996-97	4.52 £
● Adjusted profit or loss for basis period	4.53 £
● Loss brought forward	4.54 £
● Loss carried forward	4.55 £

Taxable profit after losses. Enter '0' if a loss	4.56 £
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● Allowable loss on furnished holiday lettings	4.57 £
● 1996-97 loss to set off against other income	4.58 £
● 1996-97 loss to carry back	4.59 £
● Loss to set against other property income (up to amount in box 4.56)	4.60 £

● Overlap relief claimed	4.61 £
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Untaxed income from this business (other than that liable at 20%)	4.62 £
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boxes 4.39 + 4.47 + 4.51 + 4.56
minus boxes 4.60 and 4.61

Your share of taxed income

● Share of taxed savings (income liable at 20%)	4.63 £
● Minus foreign tax deducted on income within box 4.63, if tax credit relief not claimed	4.64 £
Taxed income liable at 20%	4.65 £

box 4.63 minus box 4.64

● Share of other taxed income	4.66 £
● Minus foreign tax deducted on income within box 4.66, if tax credit relief not claimed	4.67 £
Share of taxed and untaxed income (other than that liable at 20%)	4.68 £

boxes 4.19 + 4.62 + 4.66
minus box 4.67

Your share of tax credits etc.

● Share of Income Tax	4.69 £
● Share of SC60 deductions	4.70 £
● Share of tax credits	4.71 £
	4.72 £
● Share of notional Income Tax	4.73 £

boxes 4.69 + 4.70 + 4.71

Your share of tax and Class 4 NIC assessed on the partnership

Ignore boxes 4.74 and 4.75 if you were a member of a 'new' partnership

● Share of Income Tax assessed in 1996-97 partnership assessment	4.74 £
● Share of Class 4 NIC assessed in 1996-97 partnership assessment	4.75 £

Additional information

SA104F (NET)

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HELP SHEETS AND LEAFLETS

Help Sheets and leaflets giving more detailed information about particular tax rules for partnerships are available from the Orderline.

- IR220: *More than one business*
- IR222: *New businesses starting on or after 6 April 1994*
- IR224: *Farmers and market gardeners*
- IR227: *Losses*
- IR228: *Cessation*
- IR230: *Transitional rules for old businesses*

Filling in the Partnership Pages

You must fill in the Partnership Pages if, at any time during the 1996-97 tax year, you were entitled to a share of profits, losses or income from a business which you carried on in partnership.

- The Partnership Tax Return

You are jointly responsible, with your partners, for making a Partnership Tax Return for 1996-97. The records used to complete it should be kept until at least 31 January 2003 in case your Tax Office asks to see them.

- The Partnership Statement

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

There are two types of Statement:

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

Most partnerships will complete the short Partnership Statement, and the partners can use the short Partnership Pages.

However, you should fill in the full Partnership Pages if your partnership completes the full Partnership Statement.

The following notes explain how to complete the full Partnership Pages. They use technical terms such as 'trade', 'basis period' 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 your Tax Office or tax adviser for advice. There is also a glossary of terms on page PN8.

- If you were a member of more than one partnership or the partnership carried on more than one business

Your partnership will complete separate Partnership Statements:

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

You must complete a set of the relevant Partnership Pages for each Statement. Either photocopy blank pages you already have or ask the Orderline for more copies. If you use photocopies, please fill in your name and tax reference on each set.

You should also ask the Orderline for *Help Sheet IR220: More than one business*. It includes a Working Sheet to deal with special rules for Class 4 National Insurance Contributions.

- Changing between self-employment and partnership

When a trade or profession, now carried on by you in partnership was previously carried on by you alone, the profits of the period to the date of the commencement of the partnership should be shown in the Self-employment Pages, and your share of the profits from the partnership in the Partnership Pages.

Similarly where a trade or profession, that you previously carried on in partnership, is now carried on by you alone, your share of the partnership's profits should be included in the Partnership Pages. Enter the profits for the period when you carried on the business alone in the Self-employment Pages.

- If the partnership disposed of any chargeable assets

The Partnership Tax Return shows details of the chargeable assets disposed of. Do not enter details of the capital gains arising on your share of the proceeds from the disposal of partnership assets in these Pages. Enter details in the Capital Gains Pages instead, unless

- the total value of **all** the assets you disposed of in 1996-97 (through the partnership or otherwise) is no more than £12,600, **and**
- your total chargeable gains do not exceed £6,300,

in which case no tax will be due. See your Tax Return Guide for more details.

- Pension payments

If you want to claim relief for pension payments, contributions to retirement annuities, or for additional voluntary contributions, fill in Question 14 on page 5 of your Tax Return.

■ **Return period**

There are special transitional rules for working out taxable income from 'old' partnerships and for paying tax on that income. The notes below explain how these rules affect you.

From 1997-98 one set of rules applies to all partnerships.

- What are 'old' and 'new' partnerships?

'Old' partnership

A partnership whose trade or profession started **before** 6 April 1994 is an 'old' partnership, up to the date of any change in the membership of the partnership on or after 6 April 1994, unless a continuation election is made for that change. If an election is not made then the partnership trade or profession is **treated** as a new one from the date of the change.

Continuation election

If there was a change in the membership of an 'old' partnership before 5 April 1997, the partners, both before and after the change, can elect for the partnership to continue to be treated as an old one. The time limit for the election is two years from the date of the change of membership.

'New' partnership

A 'new' partnership is a partnership whose trade or profession started **on or after** 6 April 1994, or whose trade or profession is **treated** as commencing on or after 6 April 1994.

Change from old to new partnership

If the partnership changed from an old to a new one in 1996-97, then:

- for the period up to the date of change, the partnership is an old partnership, **and**
- for the period thereafter, the partnership is a new partnership.

Each partnership will need to fill in a separate Partnership Tax Return for both the old and the new partnership periods. You will receive separate Partnership Statements. Fill in a set of Partnership Pages for each.

- Tax due on shares of partnership income

Trade and professional income

For members of old partnerships, the information in the Partnership Tax Return will be used to make or amend an assessment on the partnership. All the partners are jointly liable to the tax due, as with any other partnership debt.

You will still have to include in your Partnership Pages your share of the 1996-97 profits from the trade or profession. To ensure that tax is not paid twice on the same profits (once by the partnership and again by you) you will be able to treat the tax charged on your share of partnership profits in the 1996-97 partnership assessment as if it were non-repayable tax deducted at source.

When you fill in your own Tax Return, the final tax due on the 1996-97 partnership assessment is unlikely to be known. This is because tax due on the 1996-97 partnership assessment cannot be finalised until after the Partnership Tax Return and all the individual partners' Tax Returns have been filed. Once filed, they will be reviewed as soon as possible. Then, unless any further information is needed or an enquiry is to be made, the partnership assessment will be finalised straight away. In turn, this will enable you to finalise your own tax.

For members of new partnerships, there will be no partnership assessment. Instead, the information in the Partnership Tax Return will be used to check that you pay the correct tax due on your share of partnership profit. You alone are responsible for the tax due on your share of the partnership profit.

For new partnerships, the Inland Revenue will normally have until 31 January 1999 to decide whether an enquiry is to be made to check the accuracy of the figures in the Partnership Tax Return.

Other income

The members of both old partnerships and new partnerships are individually responsible for the tax due on shares of income other than trade and professional income. But the way in which the taxable income for 1996-97 is calculated can vary. The notes below explain what to do.

Partnership details

boxes 4.1 and 4.2

Make sure you complete these boxes for each set of Pages you fill in. Enter the partnership tax reference number in box 4.1 and describe the partnership trade or profession, for example 'farming' or 'contracting', in box 4.2.

boxes 4.3 and 4.4

If you became a partner after 5 April 1996, you should enter that date in box 4.3. If you stopped being a partner before 6 April 1997, you should enter that date in box 4.4.

Your share of the partnership's trading or professional income

The entries to be made in boxes 4.5 to 4.19 will depend on whether you were a member of an old partnership or a new partnership - see the notes above.

boxes 4.5 and 4.6

Old partnership

If you were a member of an old partnership, ignore boxes 4.5 and 4.6.

New partnership

If you were a member of a new partnership, you pay tax for 1996-97 on the profits and losses of your 'basis period'. For this purpose the normal basis period rules for trading and professional income are applied to your share of the partnership's profits (and losses), as if that income had arisen to you from a business that you carried on alone. After the first one or two years as a partner, your basis period will be the same as the partnership's accounting period, unless the partnership changes its accounting date. For example, if the partnership's accounting date is 31 December and you became a partner on 1 January 1995, your basis period for 1996-97 is the 12 months from 1 January 1996 to 31 December 1996.

Notes on **PARTNERSHIP (FULL VERSION)**

However, your 'notional' business will be regarded as having commenced on the date you became a partner, or if you previously carried on the business on your own account, the date you first started that business. It will be regarded as having ceased on the date you ceased to be a partner, or, if you subsequently carried on the business on your own account, the date you ceased to carry on that business.

Full details of the rules used to determine your basis period are in *Help Sheet IR222: New business starting on or after 6 April 1994*.

Enter the date on which your basis period starts and ends in boxes 4.5 and 4.6 respectively.

boxes 4.7 and 4.8**Old partnership**

Enter your share of any profit from a trade or profession in box 4.7. This will be the amount allocated to you in the 1996-97 partnership assessment. If the partnership made a loss, enter '0' in this box. Because special rules apply in 1996-97, you may in some circumstances be allocated shares of both a profit and a loss. If so, enter any share of a loss in box 4.11. Ignore box 4.8.

New partnership

If you were a member of a new partnership, your share of the partnership's profit or loss is the amount shown in the Partnership Statement. You should not make any adjustment to that figure other than those described below.

If your basis period is the same as the partnership's accounting period, enter your share of the partnership's profit or loss in box 4.7 and ignore box 4.8.

In any other case, you will need to calculate the profit or loss of the basis period by adding together (or subtracting, as appropriate) your share of the profits or losses of the partnership's accounting periods. Enter your share of the profits or loss for the partnership's accounting period ended in 1996-97 in box 4.7. If more than one accounting period ends in 1996-97, enter the share of profit for the most recent set of accounts. If no accounting period ends in 1996-97, enter '0' in box 4.7.

To arrive at your profit or loss for your 1996-97 basis period, enter in box 4.8 the amount to be added to, or subtracted from, the figure in box 4.7. If this adjustment means you need to deduct a figure at box 4.8, enter the figure in brackets and remember to subtract it in arriving at your total taxable profit. *Help Sheet IR222: New business starting on or after 6 April 1994* explains how to calculate the adjustments.

You may not be able to complete box 4.8 because it is impossible for the partnership to prepare the accounts needed to enable you to calculate the adjustment before the latest date for sending in your Tax Return. If so, you should provide an estimate, tick box 22.3 in the Tax Return and explain in the 'Additional information' box on page 8 why you cannot provide a final figure, and enter the date by which you expect to be able to do so.

If, because of your residence status, you are taxable on the remittance basis on profits arising overseas, the amount to be entered in box 4.7 is your share of the partnership profit drawn up in accordance with the rules for non-residents (the UK profit only).

If the partnership's annual accounting date is other than 5 April, it may be that your basis period for 1996-97 overlaps with the basis period for 1995-96. Such overlaps can occur in the first 3 years after your 'notional' business starts - see the note on boxes 4.5 and 4.6 - or if there is a change of accounting date. Make sure you have *Help Sheet IR222: New business starting on or after 6 April 1994*. This contains instructions on how to calculate overlap profits and how to claim overlap relief.

Overlap relief may be due if, in 1996-97:

- you ceased to be a partner, **or**
- the business ceased, **or**
- the partnership changed its accounting date and the basis period shown at boxes 4.5 and 4.6 exceeds 12 months.

If so, ask the Orderline for *Help Sheet IR228: Cessation* and *Help Sheet IR222: New business starting on or after 6 April 1994*. Include it in any adjustments you make in box 4.8.

box 4.9**Old partnership**

If you are a member of an old partnership, ignore box 4.9.

New partnership

If the partnership carried on a farming business, you may be able to claim to average your share of two years' profits. Ask the Orderline for *Help Sheet IR224: Farmers and market gardeners*, which explains this.

Also use box 4.9 to claim credit for foreign tax deductions, if you are not claiming tax credit relief in the Foreign Pages for foreign tax paid.

Old and new partnerships**boxes 4.10 and 4.11**

If box 4.7 and any adjustments in boxes 4.8 and 4.9 result in a profit, enter this in box 4.10 and '0' in box 4.11. If the result is a loss, enter this in box 4.11 and '0' in box 4.10.

If the partnership made a loss, you may be able to claim tax relief for your share of that loss. If you want information about losses, ask the Orderline for *Help Sheet IR227: Losses*. If you have now left the partnership, or the partnership's business has now ceased, you should ask for *Help Sheet IR228: Cessations*.

Time limits: some claims must be made by 31 January 1999. You should ensure that any claims you wish to make are made within the time limit prescribed. Late claims cannot normally be accepted.

box 4.12

Help Sheet IR227: Losses provides information on how you may claim tax relief on losses. If you wish to offset your 1996-97 loss against other income of 1996-97, enter in box 4.12 the amount you are claiming to offset. If you are a member of an old partnership, you may need to consult your Tax Office or tax adviser (see *Help Sheet IR227: Losses*). Read the notes on box 4.7 if you are claiming overlap relief on untaxed income.

box 4.13

If you want to offset the 1996-97 loss against income of an earlier year, enter the amount of the loss in box 4.13. If you were a member of an old partnership, ask your Tax Office or tax adviser to find out the amount you can claim. If you have already claimed to offset this loss, you should still include it in the entry in box 4.13, and show the amount repaid in the 'Additional information' box on page 8 of your Tax Return.

box 4.14

Enter in box 4.14 any losses sustained in 1996-97, but not claimed in any other way, that you claim to carry forward against later profits.

boxes 4.15 and 4.16

Enter in box 4.15 any losses sustained in the same business in earlier years that you claimed to carry forward against later profits but have not already used. You can use that loss to offset any profit in box 4.10. Enter in box 4.16 the amount you are deducting up to the figure in box 4.10.

box 4.18

Enter any amounts that have not been included in the partnership accounts but which are needed to calculate your taxable profits; for example, any Enterprise Allowance (sometimes called Business Start-Up Allowance) you received in the year to 5 April 1997. This will normally have been paid to you rather than the partnership and therefore will not have been included in the Partnership Tax Return.

Class 4 National Insurance Contributions**Old and new partnerships**

Partners must pay Class 4 contributions on profits from the partnership unless they are 'excepted'. The contributions are a percentage of taxable profits for the tax year between lower and upper profit limits.

box 4.20

You are excepted from paying Class 4 contributions for 1996-97 if you were:

- a man aged over 65, or a woman aged over 60, at 6 April 1996, or
- aged under 16 at 6 April 1996 and the Contributions Agency has granted you exception (leaflet NP18 available from Contributions Agency offices gives details), or
- not resident in the UK for tax purposes during 1996-97 (ask your Tax Office if you do not know whether this applies to you).

It is possible for certain other people to be excepted from paying Class 4 contributions. If you think you may be excepted because you are a trustee, or a diver or diving supervisor, or a sleeping partner, ask your Tax Office or tax adviser.

Sometimes, where both Class 1 and Class 4 contributions could be due, Class 4 contributions may not be payable. In these circumstances the Contributions Agency may agree for your Class 4 contributions to be 'deferred' until your overall contributions can be determined. Only the Contributions Agency can agree to deferment and its leaflet NP18 gives further details.

If you were excepted from Class 4 NIC, or the Contributions Agency has agreed to defer contributions:

- tick box 4.20
- enter '0' in boxes 4.21 and 4.22
- explain in the 'Additional information' box that you are excepted or deferred, and give the reason.

boxes 4.21 and 4.22

If this is your only business, use the Working Sheet to arrive at figures to go in boxes 4.21 and 4.22.

If you have more than one business, do not use the Working Sheet. Instead, ask the Orderline for *Help Sheet IR220: More than one business*.

Working Sheet for NICs (one partnership interest only)

	From box 4.19
Taxable profit for 1996-97	A £ <input type="text"/>
Adjustments to profits chargeable to NICs (see notes* below)	B £ <input type="text"/>
	A minus B
Profit for National Insurance Contributions (A minus B)	C £ <input type="text"/>
Exempt threshold	D £ 6,860
	C minus D
Amount chargeable (Maximum £16,800 in box E)	E £ <input type="text"/>
If you want to calculate your tax, complete box F and copy it to box 4.22 in your Partnership Pages. If you want me to calculate your tax, ignore boxes F and 4.22.	
Class 4 NIC due (Maximum £1,008 in box F)	F £ <input type="text"/>
	E x 6%

***Trading losses** of this business from 1995-96 and earlier years that have not yet been set against profits chargeable to Class 4 NIC may be brought forward and set against the Class 4 profits of the same business for 1996-97. (This is because losses that are allowable for tax are also treated as losses arising for the purposes of Class 4 NIC. They may be allowed for Class 4 in the same ways as losses are allowed for tax.)

***Interest** can be deducted in calculating Class 4 profits if it is incurred for the purposes of your business but has not been deducted in arriving at your taxable profits. Include:

- any such interest from 1995-96 and earlier years that has not been set against previous Class 4 profits
- any such interest paid in 1996-97.

Investment income

You must fill in boxes 4.23 to 4.73 as appropriate if you carried on a business in partnership in 1996-97 and the partnership received any investment income, that is, income other than trading or professional income. Income from which UK tax has been deducted (taxed income) should be entered in boxes 4.63 to 4.73. Other investment income (untaxed income) should be entered in boxes 4.23 to 4.62.

For **taxed income**, all partners, in both old partnerships and new partnerships, **must return the income of the year to 5 April 1997**.

For **untaxed income**, the period for which you must return income can vary.

If you were a member of an old partnership, you need to return income for the basis period appropriate to each type of income. The rules vary between different types. The following notes will help you make whatever adjustments are necessary.

If you were a member of a new partnership, you should normally return income for the same basis period as applies to the trade or professional income. Any adjustments you need to make will be of the same type as the adjustment made for your share of trade or professional income. But if the partnership has no trade or professional income, then income should be returned for the year to 5 April 1997 instead.

Your share of untaxed income**boxes 4.23 and 4.24****Old partnership**

If you were a member of an old partnership, your basis period for untaxed income in 1996-97 may vary. Ignore boxes 4.23 and 4.24 and follow the rules for each type of income below.

New partnership

If the partnership carried on a trade or profession in 1996-97, the basis period for any untaxed income is normally the same as that for your share of the partnership's trade or professional income. Full details of the rules are given in *Help Sheet IR222: New businesses starting on or after 6 April 1994*, available from the Orderline. The 'untaxed income' is treated as having been derived from a second 'notional' business that you carried on alone. That business will be treated as having commenced on the date you became a partner and having ceased on the date you ceased to be a partner. Enter the appropriate basis period in boxes 4.23 and 4.24.

You may be required to make adjustments to convert your shares of income for the partnership's accounting periods into your taxable profit for your basis period. These adjustments are equivalent to the adjustments made in box 4.8 for trading or professional income.

If the partnership did not carry on a trade or profession in 1996-97, that is, it carried on a pure investment business, the basis period is the tax year. Enter 6 April 1996 in box 4.23 and 5 April 1997 in box 4.24. No adjustments will be required.

Income from UK savings**boxes 4.25 to 4.27****Old partnership**

Enter in box 4.25 your share of the partnership's income from UK savings from which no UK tax has been deducted for the tax year 1996-97. This should be your share of savings income of the period 6 April 1996 to 5 April 1997.

There is a special rule for interest derived from a source that first arose before 6 April 1994. In such circumstances, the amount taxable in 1996-97 is **one half of your share of interest from that source in the 24 month period from 6 April 1995 to 5 April 1997**. Show the appropriate adjustment in box 4.26 and include the averaged figure of income in your entry in box 4.27.

For example, if your share of the partnership's interest for 1995-96 was £6,000 and for 1996-97 was £5,000, you should enter £5000 in box 4.25, £500 in box 4.26 and £5,500 in box 4.27.

If no adjustments are required, you should copy the figure in box 4.25 to box 4.27.

New partnership

Enter in box 4.25 your share of the partnership's income from UK savings from which no UK tax has been deducted for the appropriate period in 1996-97. Enter in box 4.26 the adjustment needed, if any, to arrive at the profit for your basis period.

Enter in box 4.27 the amount of your share of the partnership's income from UK savings for your basis period.

Income from foreign savings**boxes 4.28 and 4.29****Old partnership**

Enter in box 4.28 your share of the partnership's income from foreign savings from which no UK tax has been deducted for the tax year 1996-97. This should be your share of such income of the period 6 April 1996 to 5 April 1997.

Enter in box 4.29 the adjustment needed, if any, to arrive at the profit for your basis period.

If no adjustments are required, you should copy the figure in box 4.28 to box 4.31.

The special rule for interest, described in the note to boxes 4.25 to 4.27, applies equally to income from foreign savings and investments from which no UK tax has been deducted (but, as before, only where it is derived from a source from which the income first arose before 6 April 1994). In such circumstances, the amount taxable in 1996-97 is **one half of your share of the income from foreign savings and investments from such sources in the 24 month period 6 April 1995 to 5 April 1997**. Enter in box 4.29 the appropriate adjustment and include the averaged figure of income in your entry in box 4.31.

New partnership

Enter in box 4.28 your share of the partnership's income from foreign savings from which no UK tax has been deducted for the appropriate period. Enter in box 4.29 the adjustment needed, if any, to arrive at the profit for your basis period.

● Foreign tax

box 4.30**Old and new partnerships**

You can claim tax credit relief in the Foreign Pages, available from the Orderline, for foreign tax paid. You do not have to claim tax credit relief but it is usually to your advantage to do so. Enter in box 4.30 the amount of foreign tax for which you are **not** claiming tax credit relief. Remember to deduct it, and the amount in box 4.29, before putting the result in box 4.31.

Other untaxed UK income**boxes 4.33 to 4.39****Old partnership**

Enter your share of the partnership's other untaxed income for the tax year 1996-97 in box 4.34. If there was a loss, enter it in box 4.33. This will normally be your share of such income of the period 6 April 1996 to 5 April 1997.

For members of old partnerships, it is possible that some shares of untaxed income were assessed in 1995-96 on a 'preceding year' basis. If so, an averaging rule like the special rule for interest will apply. If you think this may apply to you, consult your Tax Office or tax adviser. Enter the appropriate adjustment in box 4.36 and include the averaged figure of income in your entry in box 4.39.

Enter in box 4.37 the loss sustained in this activity in 1995-96, or earlier years, which you have claimed to carry forward against later profits. This amount should be deducted, with the figure in box 4.36, to arrive at the taxable profit to be entered in box 4.39. The balance of losses to be carried forward after taking into account any loss sustained in 1996-97 at box 4.33 (or where appropriate box 4.35) should be entered in box 4.38.

Notes on **PARTNERSHIP (FULL VERSION)****New partnership**

Enter your share of the partnership's other untaxed income for the appropriate period at box 4.34. If there was a loss, enter it in box 4.33. Make adjustments in boxes 4.35 or 4.36 to arrive at the profit (or loss) for your basis period.

Enter in box 4.37 the loss sustained in this activity in 1995-96, or earlier years, and which you have claimed to carry forward against later profits. This amount should be deducted, with the figure in box 4.36, to arrive at the taxable profit to be entered in box 4.39. The balance of losses to be carried forward after taking into account any loss sustained in 1996-97 at box 4.33 (or where appropriate box 4.35) should be included in box 4.38.

- **Other untaxed foreign income**

Old partnership

boxes 4.40 to 4.47 Enter in box 4.41 your share of the partnership's other foreign income from which no UK tax has been deducted for the tax year 1996-97. (If there was a loss, enter the figure in box 4.40.) This will normally be your share of such income of the period 6 April 1996 to 5 April 1997.

For members of old partnerships, it is possible that some shares of untaxed income were assessed in 1995-96 on a 'preceding year' basis. If so, an averaging rule like the special rule for interest will apply. If you think this may apply to you, ask your Tax Office or tax adviser. Enter the appropriate adjustment in box 4.43 and include the averaged figure of income in your entry in box 4.47.

Enter in box 4.44 the loss sustained in this activity in 1995-96, or earlier years, and which you have claimed to carry forward against later profits. This amount should be deducted from the figure in box 4.43 to arrive at the taxable profit to be entered in box 4.47. The balance of the losses to be carried forward after taking into account any loss sustained in 1996-97 at box 4.40 (or where appropriate box 4.42) should be entered in box 4.46.

New partnership

Enter your share of the partnership's other foreign income from which no UK tax has been deducted for the appropriate period at box 4.41. If there was a loss, enter the figure in box 4.40. Make adjustments in boxes 4.42 or 4.43 to arrive at the profit (or loss) for your basis period.

Enter in box 4.44 the loss sustained in this activity in 1995-96 or earlier years which you have claimed to carry forward against later profits. This amount should be deducted, with the figure in box 4.43, to arrive at the taxable profit or loss to be entered in box 4.47. The balance of losses to be carried forward after taking into account any loss sustained in 1996-97 at box 4.40 (or where appropriate box 4.42) should be included in box 4.46.

- Foreign tax

box 4.45**Old and new partnerships**

You can claim tax credit relief in the Foreign Pages, available from the Orderline, for foreign tax paid. You do not have to claim tax credit relief, but it will usually be to your advantage to do so. Enter in box 4.45 the amount of foreign tax for which you are **not** claiming tax credit relief. Remember to deduct it, and the amount in box 4.43, before putting the result in box 4.47.

- **Income from offshore funds**

boxes 4.48 and 4.49**Old partnership**

Enter your share of the partnership's income from offshore funds for the tax year 1996-97 in box 4.48.

New partnership

Enter your share of the partnership's income from offshore funds for the appropriate period in box 4.48. Enter in box 4.49 the adjustment needed to arrive at the profit for your basis period.

- Foreign tax

box 4.50 and 4.51**Old and new partnership**

You can claim tax credit relief in the Foreign Pages, available from the Orderline, for foreign tax paid. You do not have to claim tax credit relief, but it will usually be to your advantage to do so. Enter in box 4.50 the amount of foreign tax for which you are **not** claiming tax credit relief. Remember to deduct it, and the amount in box 4.49, before putting the result in box 4.51.

- **UK land and property**

boxes 4.52 to 4.56**Old partnership**

Enter in box 4.52 your share the partnership's income (or loss) from UK land and property for the tax year 1996-97. This will normally be your share of such income of the period 6 April 1996 to 5 April 1997, but by concession, it may be for the 12-month accounting period ended in that period.

Enter in box 4.54 the loss sustained in this activity in 1995-96, or an earlier year, and which you have claimed to carry forward against later profits. This amount should be deducted from the figure in box 4.52 to arrive at the taxable profit to be entered in box 4.56. The balance of the losses to be carried forward after taking into account any loss sustained in 1996-97 at box 4.52 should be entered in box 4.55.

New partnership

Enter in box 4.52 your share of the partnership's income or loss from UK land and property for the appropriate period. If there was a loss, enter the figure in box 4.52 in brackets. Enter in box 4.53 the adjustments to arrive at the profit (or loss) for your basis period.

Enter in box 4.54 the loss sustained in this activity in 1995-96, or earlier years, which you have claimed to carry forward against later profits. This amount should be deducted from the figure in box 4.52 to arrive at the taxable profit or loss to be entered in box 4.56. The balance of losses to be carried forward after taking into account any loss sustained in 1996-97 in box 4.52 (or where appropriate box 4.53) should be included in the entry in box 4.55.

- **Allowable loss on furnished holiday lettings**

boxes 4.57 to 4.60**Old and new partnership**

Enter in box 4.57 your share of the allowable loss from furnished holiday lettings for 1996-97.

If you want to set your share of that loss against other rental income from the partnership, include it in box 4.60 - the amount that you deduct should never exceed the figure in box 4.56.

If you want to set your loss against other income you had in 1996-97, enter the amount you want to claim in box 4.58. But remember, the amount you claim should never exceed the total amount of your taxable income. To set it against 1996-97 capital gains, include it in the entry in box 8.5 of the Capital Gains Pages.

If you want to set your losses against income and gains for an earlier year, enter the amount you are claiming in box 4.59. Enter the amount in box 4.59 even if you have already claimed it.

■ **Overlap relief**

box 4.61

Overlap relief may be due if:

- you ceased to be a partner or the business was sold in 1996-97, or
- the partnership changed its accounting date.

In such circumstances the relief is to be given first against your total untaxed income. If there is an excess, this can be set off against your total income for 1996-97. Details of how this relief is calculated can be found in *Help Sheet IR222: New businesses starting on or after 6 April 1994*.

Normally it will be to your advantage to claim overlap relief against untaxed income liable at 24% (box 4.62) before any income which may only be liable at 20% (box 4.32). You can claim the relief by:

- entering in box 4.61 the amount of relief needed to reduce the figure in box 4.62 to zero
- entering any unused excess in boxes 4.26 and 4.29 (again, up to the amount needed to reduce the income in boxes 4.27 and 4.31 to zero), and
- finally, including any remaining unused excess in box 4.12 to be set against your other 1996-97 income.

Your share of taxed income and tax paid

boxes 4.63 to 4.73

The basis period for all investment income which has had UK tax deducted at source is the tax year 6 April 1996 to 5 April 1997. This is true even if the partnership carried on a trade or profession, and applies to both old and new partnerships.

Enter your shares of the partnership's savings income in box 4.63 and other taxed income in box 4.66. Enter your shares of the income tax deducted in box 4.69, the deductions made by contractors on account of tax (SC60 tax) in box 4.70, tax credits in box 4.71 and notional Income Tax in box 4.73.

boxes 4.64 and 4.71

You can claim tax credit relief in the Foreign Pages, available from the Orderline, for foreign tax paid. Enter in box 4.64 or 4.67 the amount of the foreign tax deducted from income within boxes 4.63 and 4.66 respectively, for which you are not claiming tax credit relief. Remember to deduct it when entering the figures required in boxes 4.65 and 4.68 respectively.

box 4.68

Enter in box 4.68 the total of your shares of partnership income for 1996-97 **excluding** that income which may only be liable at 20%. This total should include any trading or professional income from box 4.19, any untaxed investment income from box 4.62 and the taxed income from box 4.66 minus any deduction for foreign tax entered in box 4.67.

● **Accrued income**

Accrued income securities include all interest-bearing securities, including permanent interest-bearing shares in a building society, government loan stock and company loan stock, but not shares in a company or National Savings certificates.

You should calculate charges or reliefs for securities you or the partnership have bought, sold or transferred where the next interest payment after the purchase or sale fell between 6 April 1996 and 5 April 1997.

No charge arises and no relief is due for 1996-97 if the nominal value of **all** your accrued income securities (including your share of any partnership holdings) held at any time in 1996-97 or 1995-96, did not exceed £5,000.

If it did, a charge will arise if you or the partnership purchased securities without accrued interest (ex-dividend) or sold securities with the accrued interest (cum-dividend). The amount of the charge will be the adjustment for the accrued interest not received, that is, the amount by which the purchase price was reduced (purchase ex-dividend) or the sale price was increased (sale cum-dividend).

Again, if your total nominal value exceeded £5,000, a relief will be due if you or the partnership purchased securities with accrued interest (cum-dividend) or sold securities retaining the right to the next interest payment (ex-dividend). The amount of the relief will be the adjustment for the amount of extra interest received, that is the amount by which the purchase price was increased (purchase cum-dividend) or the sale price was decreased (sale ex-dividend).

The acting partner will provide details of securities bought and sold, your share of any interest received and any accrued interest or relief.

For **each kind** of partnership security, combine the charges and reliefs to produce a net figure. Where the charges exceed the reliefs on your share of the partnership securities include the total net amount in box 4.66. Where the reliefs exceed the charges for a kind of security, deduct the excess from the interest received from that kind of security, and enter the reduced amount of interest in box 4.63.

Provide full details of the income, charges and reliefs in the 'Additional information' box on page P4.

Remember to include details of accrued income or reliefs on non-partnership holdings bought and sold, in the relevant part of your Tax Return - see the note on page 17 of your Tax Return Guide.

Your share of tax and Class 4 NIC assessed on the partnership for 1996-97

boxes 4.74 to 4.75

Old partnership

Only complete these boxes if you were a member of an old partnership. Enter in box 4.74 the amount of Income Tax assessed on your share of profits in the 1996-97 partnership assessment.

Enter in box 4.75 the amount of Class 4 NIC assessed on your share of profits in the 1996-97 partnership assessment. If the 1996-97 partnership assessment is not yet final, you should enter provisional figures in boxes 4.74 and 4.75 and remember to tick box 22.3 on page 8 of your Tax Return. If you are in any doubt about these figures, ask the partner responsible for agreeing the partnership accounts with your Tax Office, or ask your Tax Office or tax adviser.

Glossary

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

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

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

Overlap profits and overlap relief Overlap profits arise when basis periods overlap so that the same profits are taxable in two different tax years. Overlap relief deducts the overlap profits in a later tax year so that over the life of your business you do not pay tax on more profits than you earn.

Trade Any commercial operation supplying goods or services to a customer for profits is likely to be regarded as a trade. If you are in doubt whether you are carrying on a trade, profession or vocation during 1996-97, ask your Tax Office or tax adviser.