



**Feedback on queries raised by Revenue in respect
of ITI Feedback on Partnerships TDM circulated on 20 June 2025**

The draft Partnerships Tax and Duty Manual (TDM) represents a first step in addressing the taxation of partnerships and their interactions with various Irish tax provisions. The draft TDM provides a general overview of the basic legal concepts and structures of partnerships, laying the groundwork for more detailed guidance and discussion in the next stages. In our view, the key aspect will be when the guidance is extended to include the interactions with the various tax provisions referenced during the TALC Direct/Capital Taxes meetings as these are all very important where partnerships are in structures. It would be prudent to ensure the list is as comprehensive as possible - including the addition of Section 831B on the Participation Exemption - to fully capture all relevant considerations.

ITI submitted feedback to Revenue on the draft Partnerships TDM on 20 June 2025. Revenue subsequently circulated the below follow up queries and we have included our responses to these queries in red.

Follow up to ITI Feedback on Partnerships TDM

1. General Comments

We note the general comments in the feedback received. As noted on the TALC Direct call on Thursday, the next phase will be to consider specific areas of tax law and how they interact with partnerships. The relevant TDMs will be updated in due course once the TDM on partnerships has been published. [Noted]

2. Comments on Paragraph 2.1 re Body of Persons

We note the comments regarding "body of persons". Can we please clarify if you disagree with the statement "A partnership is considered to be an unincorporated body of persons, and therefore is a "person" within the meaning of section 18(c)

of the Interpretation Act 2005." If so, can you please provide analysis for this position. [We don't disagree with this statement. However, in the footnotes there was a reference to the O'Reilly case which examined the meaning of 'body or persons' for the purpose of the sports body exemption, a specific legislative term in TCA97. Referring to his decision without context might be confusing]

We note the comments regarding definition of business in the Partnership Act 1890. Do stakeholders have suggestions for consideration by Revenue for amendments to the guidance at page 4 or 12 of the draft document to address the concerns raised?

[On page 4, the definition should be included in full, with reference to 'including'. As regards, potential amendments to page 12, as the legislation refers only to trades, perhaps the TDM should align more closely with it and begin with 'in the case of a partnership trade'. If submissions are received in the context of non-trading partnerships, perhaps these can be addressed at that time?]

We note the comments regarding the following sentence: *"Taking all of the above, in an Irish context, in broad terms, apart from those bodies that are registered/formed with a separate legal personality, all other persons carrying on a business in common with a view to a profit are generally considered a partnership."* Noting that the sentence states "in an Irish context", can stakeholder please elaborate on why there are concerns regarding the inclusion of this sentence?

[This TDM is focusing on Irish partnerships only. There may be 'transparent entities' established in other jurisdictions that have separate legal personality, for example possibly Scottish partnerships]

3. Paragraph 2.6 and page 11 example

We note the comment that the points made in paragraphs 2.5 and 2.6 could be made clearer. Do stakeholders have suggestions for Revenue to consider as to how the points made could be made clearer?

Can stakeholders please clarify the comment regarding the example on page 11 being more closely aligned to the preceding discussions? If there is disagreement with the conclusions reached in the example, could stakeholders please provide

an analysis and express what they consider to be the correct conclusion in relation to that example? Please note that in order to proceed with the next phase of updating TDMs to deal with partnership issues, we will need to conclude on this example.

[There is no disagreement with the conclusion. The example refers to a partner having a beneficial ownership of 20% of the totality of the assets. Much of the previous discussion and the also the subsequent paragraph refers to the contingent nature of a partnership interest i.e. a partner's share *"is his proportion of the partnership assets after they have been all realised and converted into money, and all the debts and liabilities have been paid and discharged"*. This contingent right to proceeds of a disposal of assets is presumably what is creating an effective beneficial interest in the NET assets.]

We welcome further feedback on the items noted above. It is Revenue's intention to publish the draft partnership TDM by 25 July.