

# Investment Limited Partnerships

## Part 27-01a-04

This document should be read in conjunction with sections 172C, 739J, 817X and Schedule 2A of the Taxes Consolidation Act 1997

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## Table of Contents

1	Introduction .....	3
2	Background .....	4
3	Tax treatment under section 739J .....	5
4	Dividend withholding tax exemption .....	6
4.1	“Excluded person” under section 172C(2) .....	6
4.2	Outbound payments defensive measures.....	7
5	Interest withholding tax.....	8
6	Reverse hybrid rules – “collective investment scheme” .....	9
7	Form ILP1 .....	10

## 1 Introduction

An Investment Limited Partnership (“ILP”) is provided for under the Investment Limited Partnerships Act 1994 (“ILP Act 1994”), as amended by the Investment Limited Partnerships (Amendment) Act 2020. An ILP is constituted pursuant to a limited partnership agreement entered into by one or more general partners and at least one limited partner. There is no limit on the number of limited partners. An ILP must be authorised by the Central Bank of Ireland and will, therefore, be a regulated investment fund vehicle. Under section 4 of the ILP Act 1994, as amended by the Investment Limited Partnerships (Amendment) Act 2020, the Partnership Act 1890 shall apply to ILPs (unless otherwise provided by the ILP Act 1994).

The general partner is a person who has been admitted to an ILP as a general partner in accordance with the partnership agreement. The general partner is personally liable for the debts and obligations of the ILP.

A limited partner is a person who is admitted to an ILP as a limited partner and is not liable for the debt and obligations of the ILP beyond the capital that they have contributed. Under the ILP Act 1994, as amended by the Investment Limited Partnerships (Amendment) Act 2020, a limited partner in an ILP may lose this limited liability if they take part in the conduct of the business of the ILP in its dealings with persons who are not partners in the ILP. However, the legislation sets out a broad range of activities relating to the affairs of an ILP in which a limited partner may engage without being considered to be taking part in the conduct of the business. This is in contrast to a limited partner in a partnership established under the Limited Partnerships Act 1907 who is not permitted to participate in partnership business in a similar manner.

## 2 Background

ILPs authorised before 13 February 2013 are treated as investment undertakings under the gross roll-up regime<sup>1</sup>. However, Finance Act 2013 changed the tax treatment of ILPs such that ILPs authorised on or after 13 February 2013 are treated as transparent from an Irish tax perspective and are no longer taxed under the gross roll-up regime.

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<sup>1</sup> Please refer to Tax and Duty Manual (TDM) [Part 27-01A-02](#) for detail on the operation of the gross roll-up regime.

### 3 Tax treatment under section 739J

Section 739J of the Taxes Consolidation Act (TCA) 1997 specifically provides for tax transparency for ILPs which means that they are taxed differently to other regulated fund vehicles in Ireland. ILPs authorised on or after 13 February 2013 are not taxed under the gross roll-up regime. Income and gains are instead treated as arising or accruing directly to the ILP partners in proportion to their allocation under the partnership agreement. As such, the extent to which a limited partner will be taxed in Ireland will depend on that limited partner's own tax profile as well as the nature of the underlying income and gains. The section also provides that losses of an ILP must be allocated to the partners. Where the total income, gains and losses allocated to the partners in a period is less than the total income, gains and losses of the partnership for that period, the balance is allocated to the general partner. This ensures that all profits, gains or losses accruing to the ILP are allocated to the partners, as is appropriate for a transparent entity.

## 4 Dividend withholding tax exemption

### 4.1 “Excluded person” under section 172C(2)

Section 172C(2) TCA 1997 contains a list of “excluded persons” which are exempt from dividend withholding tax under Chapter 8A of Part 6<sup>2</sup>. Section 39 of Finance Act 2025 amended the list of “excluded persons” in section 172C(2) TCA 1997 to include ILPs and their European Economic Area (EEA) equivalents where certain conditions are satisfied.

The term “equivalent partnership” is defined in section 172A TCA 1997 and means a partnership which is authorised in another EEA state, and which is comparable to an ILP. To be considered comparable to an ILP, an “equivalent partnership” will need to be subject to at least an equivalent level of supervision and regulation in the other EEA state in which it is authorised as that which is applied to an ILP by the Central Bank of Ireland.

An ILP or equivalent partnership will constitute an “excluded person” under section 172C(2)(dc) where the following conditions are satisfied—

- (i) the partners of the ILP or equivalent partnership are beneficially entitled to not less than 51 per cent of the ordinary share capital of the company making the relevant distribution (reflecting the partnership’s definite influence over the company making the distribution);
- (ii) the ordinary share capital of the Irish company making the relevant distribution is an asset of the ILP or equivalent partnership; and
- (iii) the ILP or the equivalent partnership has provided the necessary declaration in accordance with paragraph 14 of Schedule 2A.

The focus in condition (i) on the beneficial entitlement of the partners is reflective of the position under Irish law whereby property acquired or held by a partnership is held by the partners as tenants in common. While the nature of a partner’s interest in a partnership’s assets will to an extent depend on the contents of the partnership agreement, the interest constitutes an undivided beneficial interest in the entirety of the assets of the partnership while the partnership is continuing<sup>3</sup>.

It is important to note that the dividend withholding tax treatment does not have an impact on the underlying charge to tax. The partners in an ILP or equivalent partnership will still be within the charge to tax under section 20 TCA 1997 in respect of their proportionate share of the distribution. Where a partner in the ILP or equivalent partnership is exempt from the charge to tax in section 20 TCA 1997 in respect of the distribution (e.g. by virtue of the application of section 153 TCA 1997), they may not have any self-assessment obligations under Part 41A TCA 1997

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<sup>2</sup> Please refer to Tax and Duty Manual (TDM) [Part 06-08B-01](#) for the other categories of “excluded person”.

<sup>3</sup> Please refer to Tax and Duty Manual (TDM) [Part 43-00-03](#) for further detail in this regard.

(depending on their own tax profile as well as the nature of any other income and gains they might have).

Any partner who is not exempt from the charge to tax under section 20 TCA 1997 in respect of their proportionate share of the distribution will be obliged to return the income and pay the appropriate tax due in compliance with their self-assessment obligations under Part 41A. A failure to comply with these self-assessment obligations may result in the imposition of interest, penalties or late filing surcharges (as applicable).

#### 4.2 Outbound payments defensive measures

Under section 172C(4), the dividend withholding tax exemption is subject to the application of the outbound payments defensive measures (OPDM) applicable to dividends in section 817X TCA 1997. Please refer to [Tax and Duty Manual Part 33-05-01 Outbound payments defensive measures](#) for further detail on the application of the OPDM.

## 5 Interest withholding tax

While an ILP authorised on or after 13 February 2013 is treated as transparent from an Irish tax perspective, it still constitutes a “person” for interest withholding tax purposes. Please refer to [Tax and Duty Manual Part 08-03-06 Payment and receipt of interest and royalties without deduction of income tax](#) for further detail on the withholding tax position of interest payments made to partnerships.

## 6 Reverse hybrid rules – “collective investment scheme”

The reverse hybrid rules in Chapter 10A of Part 35C TCA 1997 contain an exclusion for “collective investment schemes” as defined in section 835AVB.

For an ILP to fall within the definition of a “collective investment scheme” it must hold a diversified portfolio of assets. Finance Act 2025 introduced a number of changes relevant to the assessment of whether an ILP holds a diversified portfolio of assets for the purposes of the “collective investment scheme” definition. Please refer to [Tax and Duty Manual Part 35C-00-01 Guidance on the anti-hybrid rules](#) for further detail in this regard.

## 7 Form ILP1

Section 739J(3) TCA 1997 imposes an obligation on an ILP to make an annual statement to Revenue (a Form ILP1) containing certain details and disclosures in respect of its investments and its partners. This statement is required to be made on or before 28 February in the year following the year of assessment. For each year of assessment before 2026, an ILP is required to file a Form 1 (Firms) and a Form ILP1.

Finance Act 2025 introduced section 739J(3B) TCA 1997 which sets out that, for the 2026 year of assessment and subsequent years, a statement made under section 739J(3) shall be treated as satisfying the filing requirements applicable in respect of an ILP under sections 880, 959I or 959M<sup>4</sup>.

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<sup>4</sup> Please refer to Tax and Duty Manual (TDM) [Part 43-00-03](#) for further detail on the compliance obligations of partnerships.