

Partnerships involving companies

Part 43-00-01

This document should be read in conjunction with section 1009 of the Taxes Consolidation Act 1997

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1. Introduction

This manual outlines the provisions of section 1009 Taxes Consolidation Act 1997 (TCA 1997), which apply where a company is a partner in a partnership. Section 1009 provides that, in relation to a company which is a partner in a partnership, subsections (1), (2)(a) and (3) of section 1008 TCA 1997 have effect for the purposes of corporation tax as they have effect for income tax. Thus, the company's share of the partnership profits (or losses) and charges is treated as profits (or losses) and charges of a "several trade" carried on by it.

2. Commencement and cessation of a trade

This trade (the "several trade") is regarded as commencing when the partnership commences to trade or succeeds to a trade previously carried on by a sole trader or by another partnership none of whose members continues in the new partnership or, if later, when the company joins the partnership.

The several trade is regarded as ceasing when the company leaves the partnership or, if earlier, when the partnership ceases to carry on the trade or is succeeded by a sole trader (including a sole trader who was a member of the partnership) or by another partnership none of whose members was a member of the previous partnership.

3. Accounting period

Where the period for which the accounts of a partnership have been made up does not coincide with a partner company's accounting period for corporation tax purposes, any necessary apportionments are to be made of the partner company's share of the partnership profits or losses in order to arrive at its share of these profits or losses attributable to its "several trade" for its corporation tax accounting period.

Any such apportionment is to be made on a time basis, by reference to the number of months or fractions of months.

4. Treatment of joint allowance or joint charge

Where an appropriate share of a "joint allowance" or "joint charge" (i.e. a share of the capital allowances or balancing charges of the partnership: see section 1010 TCA 1997) would have been made for a year of assessment for income tax purposes if the company had been liable to that tax, the "relevant amount" (see [5](#) below) is to be treated as an expense or receipt of the company's "several trade" for the whole or part (on a time apportionment) of its corporation tax accounting period which falls within the year of assessment.

5. “Relevant Amount”

The “relevant amount”:

- (i) is the whole amount of the appropriate share of the joint allowance or the joint charge, where the accounting period and the year of assessment coincide; and
- (ii) is a proportion (on a time basis) of such allowance or charge where the accounting period does not coincide with the year of assessment.

6. Computing the “relevant amount”

For the purposes of computing the “relevant amount”, a joint allowance for a year of assessment is not to include any allowance brought forward from a previous year of assessment. The capital allowances to be looked at are those attributable to the accounting period.

7. “Profits”

For the purposes of section 1009 TCA 1997, the word “profits” is **not** to be taken as including chargeable gains.