

IT 2218W - Withdrawal - Income tax: Partners and Salaries

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Notice of Withdrawal

Income tax: Partners and Salaries

Taxation Ruling IT 2218 is withdrawn with effect from today.

The Taxation Ruling IT 2218 was issued following the Board of Review's decision in Case S75. The Commissioner's ruling was a statement of the long-standing practice relating to "partners salaries". There has been some misinterpretation of paragraph 4 of this ruling, causing some confusion.

Paragraph 4 of IT 2218 does not say the salary should be taken into account in determining the net income of a partnership. It says the salary should be taken into account in determining a partner's individual interest in the net income of a partnership. In other words, the salary should be taken into account in determining the way in which the net income is to be distributed; not the way in which the net income is to be calculated.

Commissioner of Taxation

22 May 2002

ATO references:
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