



# ***TD 92/113 - Income tax: foreign income: is a foreign loss quarantined within a partnership?***

 This cover sheet is provided for information only. It does not form part of *TD 92/113 - Income tax: foreign income: is a foreign loss quarantined within a partnership?*

 This document has changed over time. This is a consolidated version of the ruling which was published on 9 July 1992

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

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## Taxation Determination

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### **Income tax: foreign income: is a foreign loss quarantined within a partnership?**

1. A partnership's foreign losses are quarantined within the partnership and are not available for distribution to the respective partners.
2. A 'partnership loss' is defined in section 90 of the *Income Tax Assessment Act 1936* to be the excess (if any) of the allowable deductions, other than deductions allowable under section 79E, 80, 80AA or 82AAT, over the assessable income of a partnership calculated as if the partnership were a taxpayer who was a resident. However, section 79D denies a deduction in relation to a class of foreign income to the extent that the deduction would reduce that class of foreign income below nil. Consequently, a 'partnership loss' does not include a loss relating to foreign income. Accordingly, a deduction will not be available to a partner under subsection 92(2) for a foreign loss incurred by a partnership.
3. The partnership may carry the foreign loss forward, under section 160AFD, to offset against its income of later income years in accordance with the provisions of that section.

**Commissioner of Taxation**

09/07/92

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