

Partnership income and tax

Until year of assessment 2021, the following guidelines applied for the taxation of partnerships. The guidance notes below replicate the information provided on the website to help taxpayers with the taxation of partnerships for these years. From year of assessment 2022, the current Partnership Guidance applies.

Partnership income and how it's taxed

General partnerships

A trade or profession carried on in partnership by two or more persons, is calculated in one amount and the tax assessment is sent out in the name of the partnership.

The tax is divided between the partners according to the profit-sharing agreement in place.

Each share of the partnership income is taxed at the partnership at the same rate as the individual partner's personal tax assessment.

Other partnerships

The share of the partnership income is declared and taxed on the individual partner's personal tax assessment for the following partnerships:

- limited partnerships
- incorporated limited partnerships
- separate limited partnerships
- limited liability partnerships

Registering a partnership for tax

General partnerships

You'll need a business licence before you can start trading.

You can apply for a business licence by completing a new business application form and sending it to the business licensing team.

The information on the licence application form will be shared with Revenue Jersey.

If you already have a business licence, you can tell us about your business partnership by emailing Revenue Jersey the partnership tax registration form including a copy of your partnership agreement.

Partnership agreements

If you are setting up a partnership we will ask you to send us a copy of your partnership agreement.

For tax purposes the partnership agreement should contain:

- full details of partners
- a description of the trade
- percentage of ownership
- allocation of profits and losses

In a written agreement you should also consider including clauses about:

- who can make decisions and who can bind the partnership
- terminating the partnership, buying or selling shares in the partnership
- mediation

These are considered good practice to include in any partnership agreement.

Other partnerships

If you need to register any other type of partnership for tax, you will need to contact Revenue Jersey with the details.

Submitting a tax return

General partnerships

The 'precedent partner' is responsible for making and delivering a statement of profits and gains (including accounts) for the general partnership including the names and residence of all the partners.

'Precedent partner' means the Jersey resident partner who:

- is named first in the partnership agreement;
- if there is no agreement, is named singly or with precedence to the other partners in the usual name of the firm; or
- is the precedent acting partner, if the person named with precedence is not an acting partner

General partnerships are required to file a paper return on an annual basis. There is no online return for general partnerships. The individual partners will also complete a personal tax return. This can be filed online.

Other partnerships

Resident partners are required to complete a personal tax return. They declare and pay the tax on their share of any partnership income.

If you need to tell us about any other partnership that is required to file, you will need to contact Revenue Jersey with the details.

Types of partnership

The provisions of the tax law (Article 74) applies to all types of partnerships which are carrying out trades or professions and isn't just restricted to 'general' partnerships. However, this is dis-applied for certain partnerships.

General partnership

This is an arrangement where two or more persons agree to share in all profits, assets and legal liabilities.

The profit or gains are taxed at the partnership and general partnerships have unlimited liability.

Any remuneration paid to the partners is treated as partnership profits and are included in the partnership tax liability.

The share of the general partnership profits are declared in the partnership income section of the personal tax return.

Limited partnerships (LPs)

This applies to all partnerships that have one or more general partners and one or more limited partners. It doesn't matter if it's established under Jersey or non-Jersey law.

The profits or gains of limited partnerships are assessable on the partners if they are resident in Jersey.

Resident partners are required to declare and pay the tax on their share of any partnership income.

Incorporated limited partnerships (ILPs)

The provisions of the tax law that relates to these partnerships can only be applied to an ILP that's established under the Incorporated Limited Partnership (Jersey) Law 2011.

The profits and gains arising from international activities of ILPs are treated as profits or gains of the partners if they are resident in Jersey.

Resident partners are required to declare and pay the tax on their share of any partnership income.

Separate limited partnerships (SLPs)

The provisions of the tax law that relates to these partnerships can only be applied to an SLP that's established under the Separate Limited Partnership (Jersey) Law 2011.

The profits and gains arising from international activities of SLPs are treated as profits or gains of the partners if they are resident in Jersey.

Resident partners are required to declare and pay the tax on their share of any partnership income.

Limited liability partnerships (LLPs)

The provisions of the tax law that relates to these partnerships can only be applied to an LLP that's established under the Limited Liability Partnership (Jersey) Law 1997.

The profits and gains arising from international activities of LLPs are treated as profits or gains of the partners in they are resident in Jersey. International activities are defined in law as 'business activities carried on outside Jersey'. The term 'business activities' includes investment activities.

Resident partners are required to declare and pay the tax on their share of any partnership income.

Partnerships controlled abroad

If the control and management of the partnership is abroad and consists of trading operations in Jersey, the profits or gains chargeable to tax are limited to the profits of the trading operations within the Island.

Article 74 states that the assessment should be raised on the partnership, however Article 76(2) allows the assessment to be raised in the name of any partner resident in Jersey.