



# Notice of Withdrawal

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## **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Taxation Ruling IT 2218 is withdrawn with effect from today.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.

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**Commissioner of Taxation**  
22 May 2002

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ATO references:  
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