



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

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 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 4VAAA 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.

Taxation Determination

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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