

OVERVIEW

For the 2010–11 income year:

- 369,999 partnerships lodged returns, a decrease of 3.2% from 2009–10
- total net income or loss of \$24.3 billion was reported by partnerships, a 25.6% increase from 2009–10
- partnerships reported total business income of \$150.3 billion, a 5.8% decrease from 2009–10
- total partnership expenses were \$130.6 billion, a 8.6% decrease from 2009–10.

INTRODUCTION

This chapter provides information on partnerships, as reported on partnership tax returns. A partnership is a relationship between persons carrying on a business as partners with a view to profit, and for tax law purposes also includes persons in receipt of income jointly. Each partner contributes towards the partnership and shares in the profits or losses and responsibilities.

A partnership does not pay tax in its own right – instead each partner pays tax on their share of the net partnership income at their individual tax rate (or claims a deduction for their share of any partnership loss). All shares of capital gains or losses relating to capital gains tax events for partnership assets must be disclosed on the partners' tax returns.

A partnership requires a tax file number and must lodge a tax return at the end of the income year. All income earned and deductions claimed for expenses incurred in earning income for the partnership must be shown on the tax return. Although this return is simply an information return, it provides the basis for determining each partner's respective share of the net partnership income or loss.

NEW FEATURES AND INFORMATION

Statistics for the 2010–11 income year reported in this chapter may have been affected by

- changes to time limits in deductibility of employer contributions for former employees
- reforms to income tests.

PARTNERSHIP RETURNS

For the 2010–11 income year, a total of 369,999 partnerships lodged returns – this was a 3.2% decrease from 2009–10.

All industries reported fewer partnerships than the previous year, with construction having the largest decline of 2,686 partnerships or 4.6%.

TABLE 5.1: Partnerships, by industry, 2009–10 and 2010–11 income years

Industry ¹	2009–10 ²		2010–11 ²	
	No.	%	No.	%
Agriculture, forestry and fishing	101,218	26.5	98,707	26.7
Mining	518	0.1	491	0.1
Manufacturing	13,085	3.4	12,297	3.3
Electricity, gas, water and waste services	771	0.2	750	0.2
Construction	58,670	15.3	55,984	15.1
Wholesale trade	7,330	1.9	7,016	1.9
Retail trade	27,946	7.3	26,601	7.2
Accommodation and food services	19,121	5.0	18,491	5.0
Transport, postal and warehousing	15,832	4.1	15,034	4.1
Information media and telecommunications	1,296	0.3	1,249	0.3
Financial and insurance services	4,086	1.1	3,831	1.0
Rental, hiring and real estate services	48,307	12.6	48,010	13.0
Professional, scientific and technical services	15,544	4.1	14,914	4.0
Administrative and support services	13,357	3.5	12,929	3.5
Public administration and safety	579	0.2	507	0.1
Education and training	2,554	0.7	2,533	0.7
Health care and social assistance	4,311	1.1	4,200	1.1
Arts and recreation	3,867	1.0	3,696	1.0
Other services	18,141	4.7	17,386	4.7
Other ³	25,865	6.8	25,373	6.9
Total⁴	382,398	100.0	369,999	100.0

1 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

2 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

3 Includes partnerships that lodged a subsidiary return with income from non-primary production partnerships and trusts, those registered under the government administration and defence code and those that did not state their industry.

4 Totals may differ from the sum of the components, due to rounding.

PARTNERSHIP INCOME

Partnerships receive income from a variety of sources. The total net income or loss of partnerships showed an increase of 25.6% in 2010–11 from 2009–10. Net income or loss from business was the major source of income for partnerships – it increased by 24.0% in 2010–11 and accounted for 83.1% of total net income or loss.

TABLE 5.2: Partnership income items, 2009–10 and 2010–11 income years

Income items	No.	2009–10 ¹		2010–11 ¹	
			\$m	No.	\$m
Net income or loss from business	320,264	16,273	307,873	20,184	
Gross interest	97,968	763	95,192	1,838	
Net rent	69,215	1,744	68,134	1,659	
Net non-primary production distributions from partnerships or trusts	7,156	271	6,282	429	
Other Australian income	3,626	199	3,570	239	
Gross (or total) dividends	20,735	237	20,265	233	
Franking credit	18,116	92	16,708	89	
Net primary production distributions from partnerships or trusts	1,237	134	1,157	32	
Forestry managed investment scheme income	140	1	103	2	
Less other deductions	15,863	353	15,552	364	
Less deductions relating to Australian investment income	4,011	153	3,563	215	
Less deductions relating to forestry managed investment scheme	209	2	179	2	
Net Australian income or loss²	370,894	19,207	358,230	24,124	
Net other assessable foreign source income	2,243	139	2,183	173	
Australian franking credits from a New Zealand company ³	35	..	26	..	
Attributed foreign income – total ³	22	1	21	..	
Total net income or loss²	370,937	19,348	358,285	24,298	

1 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

2 The number totals do not add up to the taxpayer number components, because taxpayers may include more than one type of income in their tax returns. The dollar amount totals may differ from the sum of the components, due to rounding.

3 ‘..’ means rounded to zero but not zero.

PARTNERSHIP BUSINESS INCOME

Partnerships reported total business income of \$150.3 billion for the 2010–11 income year, a 5.8% decrease over the previous year. The manufacturing industry had the largest decrease in income of \$16.1 billion or 73.2%.

TABLE 5.3: Partnership total business income, by industry, 2009–10 and 2010–11 income years

Industry ¹	2009–10 ²		2010–11 ²	
	No.	\$m	No.	\$m
Agriculture, forestry and fishing	93,372	22,161	90,772	25,069
Mining	445	1,231	419	2,669
Manufacturing	12,307	22,016	11,524	5,899
Electricity, gas, water and waste services	733	5,221	714	6,696
Construction	52,917	21,963	50,063	21,043
Wholesale trade	6,740	7,103	6,437	7,039
Retail trade	26,291	22,101	24,868	22,203
Accommodation and food services	17,424	6,496	16,796	6,585
Transport, postal and warehousing	14,998	4,132	14,161	4,039
Information media and telecommunications	1,145	4,974	1,116	5,140
Financial and insurance services	2,359	1,685	2,210	2,814
Rental, hiring and real estate services	15,140	5,541	14,694	5,489
Professional, scientific and technical services	14,157	17,471	13,572	17,951
Administrative and support services	12,794	2,009	12,397	2,128
Public administration and safety	515	209	454	182
Education and training	2,416	309	2,367	314
Health care and social assistance	4,014	3,388	3,904	3,512
Arts and recreation	3,594	2,688	3,429	2,883
Other services	17,149	3,866	16,398	3,999
Other ³	14,407	4,962	14,323	4,672
Total⁴	312,917	159,527	300,618	150,327

1 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

2 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

3 Includes partnerships that lodged a subsidiary return with income from non-primary production partnerships and trusts, those registered under the government administration and defence code and those that did not state their industry.

4 Totals may differ from the sum of the components, due to rounding.

BOX 5.1: Partnership size, by total business income

For the purposes of this chapter:

Total business income is the amount a partnership declared at item 5 on page 3 of the 2011 partnership tax return.

Loss partnerships have a total business income less than \$0.

Nil partnerships have a total business income equal to \$0.

Micro partnerships have a total business income equal to or more than \$1 but less than \$2 million.

Small partnerships have a total business income equal to or more than \$2 million but less than \$10 million.

Medium partnerships have a total business income equal to or more than \$10 million but less than \$100 million.

Large partnerships have a total business income equal to or more than \$100 million but less than \$250 million.

Very large partnerships have a total business income equal to or more than \$250 million.

For the 2010–11 income year, micro sized partnerships accounted for 78.9% of all partnership numbers.

TABLE 5.4: Partnership total business income, by partnership size, 2009–10 and 2010–11 income years

Partnership size	2009–10 ¹		2010–11 ¹	
	No.	\$m	No.	\$m
Loss	301	–13	267	–22
Nil	69,481	0	69,381	0
Micro	304,414	63,710	291,754	63,395
Small	7,139	27,826	7,465	28,856
Medium	979	23,570	1,045	25,054
Large	54	8,487	54	8,173
Very large	30	35,946	33	24,871
Total²	382,398	159,527	369,999	150,327

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Totals may differ from the sum of the components, due to rounding.

PARTNERSHIP BUSINESS EXPENSES

For the 2010–11 income year, partnerships reported total business expenses of \$130.6 billion, an 8.6% decrease from 2009–10. The most significant expense claimed was the cost of sales, which accounted for 38.8% of all partnership expenses.

TABLE 5.5: Partnership business expenses, by type, 2009–10 and 2010–11 income years

Type of expense	2009–10 ¹		2010–11 ¹	
	No.	\$m	No.	\$m
Cost of sales	168,071	63,232	161,771	50,672
External labour	83,074	7,295	80,680	7,977
Interest	169,574	5,407	161,522	5,770
Depreciation	275,704	5,599	263,614	5,408
Rent	81,171	3,159	78,030	3,240
Repairs and maintenance	201,808	2,220	192,809	2,300
Motor vehicle expenses	226,452	2,041	216,192	2,000
Royalty expenses	2,245	1,110	2,244	1,181
Superannuation	70,574	1,034	67,647	1,075
Lease expenses	20,381	531	18,114	579
Bad debts	7,764	198	7,831	180
Foreign resident withholding expenses	118	17	133	7
Other expenses	315,278	50,995	302,992	50,196
Total²	322,282	142,837	309,943	130,585

1 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

2 Components do not add to the total number of taxpayers claiming expenses, because taxpayers may claim more than one type of expense. The dollar amount totals may differ from the sum of the components, due to rounding.

SOURCE OF PARTNERSHIP STATISTICS

The statistics in this chapter are sourced from 2010 and 2011 partnership tax returns processed by 31 October 2011 and 31 October 2012 respectively. The statistics are not necessarily complete as not all returns are processed by 31 October each year.

The statistics in the detailed tables for the 1989–90 to 2010–11 income years have been updated to include returns processed by 31 October 2012. We recommend you exercise caution when comparing the statistics for the current year and previous years.

A copy of the partnership tax return form is in the appendix – you can view or download it in PDF file format from the attached CD-ROM or from the online version of *Taxation statistics* on our website at ato.gov.au

PARTNERSHIP CHAPTER TABLES

The partnership chapter tables are on the attached CD-ROM and included in the online version of this publication on our website – you can view or download all the chapter tables in Excel.

LIST OF PARTNERSHIP DETAILED TABLES

The following partnership return detailed tables are on the attached CD-ROM and included in the online version of this publication on our website – you can view or download these tables as PDF or Excel files.

To find out whether a particular item is included in a detailed table, refer to the partnership return detailed tables index included on the attached CD-ROM and in the online version of this publication. The table index lists the different items shown in the detailed tables and specifies the tables they appear in.

Table 1: Selected items for income years 1989–90 to 2010–11

This table shows selected items from the partnership return for multiple income years.

Table 2: Selected items, by net Australian income, 2010–11 income year


This table shows the number of records and amounts for selected items from the partnership return, broken down by net Australian income.

- Part A: Business income, expense and reconciliation items
- Part B: Other income and expense items
- Part C: Other deductions, foreign income and total net income
- Part D: Key financial information and business and professional items

Table 3: Selected items, by industry, 2010–11 income year

This table shows the number of records and amounts for most items from the partnership return. Partnership returns and the data are classified by fine and broad industry groupings (determined by the taxpayer's main source of business income) based on the ANZSIC 2006 codes.

- Part A: Business income, expense and reconciliation items
- Part B: Other income and expense items
- Part C: Other deductions, foreign income and total net income
- Part D: Key financial information and business and professional items

 In order to comply with privacy regulations, statistics for some items may only appear under their broad industry groupings.