

A SPEECH TO MARK THE PUBLICATION OF "TAXATION OF PARTNERSHIPS AND LLPS" BY DAMIEN CROSSLEY AND MARK BALDWIN

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Mark and Damien have asked me to say a few words on the publication of their new book "Taxation of Partnerships and LLPs."

The precise instructions that I have are to "say a few words on the difficulties/ pleasures of partnership taxation and to welcome the publication of the new book in a very English restrained way, nothing too OTT." and that is what I shall try to do.

What, then, is the pleasure of partnership taxation?

I doubt if it lies in paying the tax found to be due from the partners when all the computations so well described in the book have been done.

No! We must look elsewhere for the pleasure.

For me at least, some of the pleasure of thinking about and advising on partnership taxation lies in the difficulty.

That difficulty is, in large measure, created by the somewhat schizophrenic character of a partnership which is perceptively explained in this book.

The point is that partnerships have an internal and an external aspect: the internal aspect relates to the relationship between the partners which is governed by the contract between them; the external aspect governs the relationship with third parties which is generally to be determined without any reference to the partnership agreement.

But, that is not always the case: sometimes, the partnership agreement does have an impact on third parties.

For example, the partnership profit sharing arrangements are essential in determining the share of profits on which a partner is to be taxed and, in that respect, as against HMRC, definitely a third party, though, in some senses, they may consider themselves to be partners, the partnership contract is paramount.

Although, nowadays, there are many cases which may be regarded as standard form, the importance and flexibility of the partnership contract allow a multiplicity of unusual and different structures: difference tends to complexity and complexity gives us the pleasure of making analysis wittily, in the tangle of our minds.

Where partnerships are concerned, the inherent complexity and the use to which it has been put to reduce or (more often) in failed attempts to reduce tax liabilities have called forth legislative responses, many of which have been politically rather than economically inspired.

As a result, there are many many cases in which economic common sense is no longer a sure guide to the way in which a partnership profit or loss will be determined and taxed or relieved.

But, if economic common sense is no longer a guide, this book is: it will lead you through the basic principles and the special legislation and the jungle of relevant acronyms such as DIMF and IBCI and the MOU.

But this book will do more than that.

Any old half way adequate text book will tell you what the law is: only a good law book will tell you why the law is as it is; and this book does that.

And it is better than just a good book: it is readable while comprehensive; it displays a depth of knowledge both of theory and of practice and it explains the what and the why of the law.

On top of that - I hope this is not OTT - it is scattered with odd facts which have nothing to do with the law - the gestation period of the African bush elephant for a start, that the father of Britain's latest saint was a partner for another - which leave me in awe of the authors' general knowledge and make the whole book fun.

For me, now that this book has been written, one of the pleasures of partnership taxation will be - indeed, for me, as I had an early copy, has been -using it.

Inside the books published or distributed under the imprint of the Everyman's Library there used to be - perhaps there still is - a quotation.

For those who have to know how partnerships and their partners are taxed, in other words, for the Everyman involved in partnership taxation, the quotation is apt and this book is worthy of it.

"Everyman, I will go with thee and be thy guide, in thy most need to go by thy side".

Buy one: you won't regret it!