



TaxNewsFlash

United States

No. 2024-069
February 21, 2024

U.S. Tax Court: Decision in favor of IRS in case regarding limited partner exception to self-employment income

The U.S. Tax Court yesterday issued, at the taxpayer's request, an order and decision under Rule 251 in favor of the IRS so that the taxpayer may contest court's holding in *Soroban Capital Partners LP v. Commissioner*, 161 T.C. No. 12 (November 28, 2023) in the U.S. Court of Appeals for the Fifth Circuit. Read [TaxNewsFlash](#)

The Tax Court stated:

the parties agreed that (1) Soroban Capital was "precedential and applicable to the issues in this case" and (2) the functional analysis endorsed in that case dictated that [the taxpayer]'s "state-law limited partners are not 'limited partners, as such' for purposes of [section] 1402(a)(13) and their distributive shares of [the taxpayer]'s ordinary business income are part of net earnings from self-employment under [section] 1402(a)."

The case is: *Sirius Solutions LLLP v. Commissioner*, Docket No. 30118-21 (November 28, 2023). Read the Tax Court's [order and decision](#) [PDF 177 KB]

kpmg.com/socialmedia



The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533.3712, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.