

SILENT PARTNERSHIPS AS A MEANS OF INCOME TAX OPTIMISATION

Grzegorz Matysek
Maria Curie-Sklodowska University, Poland
grzegorz.matysek@umcs.lublin.pl

Abstract:

The purpose of this paper is to survey Polish and international business income taxation derived by silent partnerships. Silent partnerships are a kind of a hybrid tax structure which allows a silent partner to combine the benefits of single income taxation earned by a partnership and reduce the risks accompanying such an activity. In some countries, the civil law status of silent partnerships is not regulated by law and the issue of silent partnerships taxation is rarely the subject of academic surveys.

A tool to achieve the assumed goal is the analysis of Polish regulations in the area of civil law and tax law, judicature and positions presented in this scope in both Polish and foreign literature.

In countries where civil law does not outline the legal status of silent partnerships, taxation of their income causes serious reservations in interpretation. Consequently, there is a risk that tax returns may be questioned by tax authorities and financial sanctions may be imposed on partners who do not respect the standards of tax law. Such pattern of income taxation earned by silent partnerships is not conducive to the transparency of the tax system and both the legal status of silent partnerships and taxation of their incomes require appropriate, detailed and prescriptive rules.

This article aims at evaluating the status and the scope of regulations referring to taxation of silent partnerships income and indications as to their development.

Keywords: silent partnership, income taxation, law, optimization