

Second Circuit affirms treatment of limited partners for self-employment tax purposes

September 17, 2026

In brief

What happened?

The US Court of Appeals for the Second Circuit issued an opinion in *Soroban Cap. Partners LP v. Comm'r* on September 17 affirming the Tax Court's November 2023 decision. The Tax Court opinion held that determining whether a limited partner in a state law limited partnership is a limited partner for purposes of the Section 1402(a)(13) exclusion from self-employment tax (the SECA limited partner exclusion) requires an inquiry into the function and roles of the limited partner. The Second Circuit agreed, holding that a limited partner is a partner who has limited liability and who does not run, manage, or control the partnership's business.

Why is it relevant?

The decision is the latest in ongoing litigation on the meaning of limited partner for purposes of the SECA limited partner exclusion.

Actions to consider

Limited partners, including limited partners in state law limited partnerships, who participate in the managing or running of the business of the partnership or who otherwise control the partnership should continue to monitor developments in this area.

PwC will provide a separate, detailed Insight on the case in the coming days.

See also

- [Fifth Circuit creates new definition of “limited partner” for self-employment tax purposes \(Aug. 14, 2026\)](#)
- [Fifth Circuit rejects narrow interpretation of “limited partner” for self-employment tax purposes \(Jan. 22, 2026\)](#)
- [Tax Court limits meaning of “limited partner” for self-employment tax purposes \(Dec. 4, 2023\)](#)

Let’s talk

For a deeper discussion of how this issue might affect your business, please contact:

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