

In The News

Erin R. Hines Quoted in *Law360* on Federal Cases Examining Partners' Self-Employment Tax

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Akerman Tax Practice Group Partner [Erin R. Hines](#) was quoted in *Law360*'s article "Top Federal Tax Cases to Watch in 2026," which examines significant federal tax disputes expected to shape tax law in the coming year. Erin is featured in a prominent section that addresses the application of self-employment tax to partners classified as limited partners under state law.

The article highlights various cases pending before the U.S. Courts of Appeals for the First, Second, and Fifth Circuits that challenge the U.S. Tax Court's unanimous position that individuals labeled as limited partners may still be subject to self-employment tax if they actively participate in the partnership's business. The controversy centers on the limited partner exclusion under the Self-Employment Contributions Act and how that exclusion should be interpreted in light of evolving partnership structures.

Discussing the origins of the dispute, Erin noted that the Internal Revenue Service's 2018 compliance campaign intensified scrutiny of arrangements in which investors claim limited partner status while remaining actively involved in operations. "Now, the issue is about what the term 'limited partner'

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actually means under the statute, including what that term meant when the statute was enacted in 1977,” she said.

Erin also emphasized the broader implications of the appellate decisions, explaining that the outcome will extend beyond tax liability. “A solution is critical because the impact will go beyond tax to how partnerships form themselves and how they identify the roles of their partners,” she said.

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