

# Carrying on About Carried Interests

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## What's a Carried Interest or Profits Interest

- A partnership equity interests issued to a Service Provider in exchange for services rendered or to be rendered to the partnership.
- Service Provider receives right to participate in partnership's future profits.

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## Carried Interests vs Profits Interests

Carried Interests and Profits Interests are the same, except-

- Carried Interests are associated with investment services partnerships;
- Profits Interests are associated with trade or business partnerships.

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## Equity Interest in the Partnership

- Not a capital interest in the partnership.
- Service Provider becomes a Partner and is no longer an employee.
- Real partner: voting rights, rights to review books and records.

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