

Scottish Partnerships

Nature of Scottish Partnerships

Scottish partnerships, both limited and general partnerships, have their own distinct legal personality separate from the partners. This enables title to assets, including land or investments, to be registered in the name of the partnership rather than in the names of the partners. The partnership can enter into contractual arrangements in the name of the partnership.

Limited Partnerships

A limited partnership is one where the limited partners have liability limited to the value of the investment, and the general partner, which has management responsibility, has unlimited liability.

General Partnerships

A general partnership is one where, under the terms of the partnership agreement, all of the partners have unlimited liability towards creditors.

Partners

Under Scottish law a wide variety of legal entities can be partners of a partnership. This includes individuals, trusts, foundations and companies, all of which can be based or registered anywhere in the world.

Limited Partnership Agreement

The Limited Partnership Agreement (LPA) is the governing document that stipulates the terms of the partnership, the roles and responsibilities of the partners, and the division of assets upon termination.

Succession of Limited Partner Interest

The limited partner may designate, in the Partnership Agreement the successor to his interest in the partnership, and the interest of the deceased will pass automatically to the successor designated in the Partnership Agreement.

Investment Activities

There are no restrictions on a Scottish partnership's investment powers or the assets in which a Scottish

partnership can invest or where these assets are located. The partnership can hold land, property, quoted investments, private company shares, art and antiques and all other asset classes. The partnership must carry on a business with a view to making a profit.

Tax Transparency

Scottish partnerships are transparent for tax purposes so that each partner would pay tax on its share of any income and gains. Where the partners are non-UK resident there would be no UK tax arising on the income and gains from partnership assets, with the exception of any UK based assets.

UK Inheritance Tax

An interest in a Scottish partnership is a UK situated asset, and consequently trusts and non-UK domiciliaries will often hold their interest in a partnership through a non-UK company so that they are not holding a UK asset directly.

Statutory Requirements

A limited partnership in Scotland must be registered at Companies House and appears on the public register, including the identities of the partners, the registered office address and registration number. The partnership agreement would not be filed at Companies House. Information on "persons with significant control" (PSC) must be filed in the public register, and must be updated annually. Financial statements are not required to be filed except where the general partner is a UK limited liability entity.

General partnerships are not registered with Companies House except where all of the partners are corporate entities which have limited liability, in which case information on persons with significant control and annual confirmation statements must be filed. Where at least one partner has unlimited liability (an individual or a trust), then information is not required to be filed with Companies House.

Registered Office Address

Scottish Limited Partnerships are required to maintain a Registered Office address. However, General Partnerships do not require a registered office address, but do require a place of business address.

Notice

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