

# The Limited Liability Partnerships (Jersey) Law: An introduction

Last reviewed: January 2017

---

These notes are intended to provide an introduction to the main features of the Limited Liability Partnerships (Jersey) Law and certain other legislation relevant to the operation of limited liability partnerships. They do not constitute legal advice which should always be sought in particular cases.

## Limited liability partnerships: What are they?

Limited liability partnerships are a distinctive type of legal entity created by the Limited Liability Partnerships (Jersey) Law 1997 (the **Law**). They are different from partnerships, limited partnerships and limited liability companies. A limited liability partnership has the following essential characteristics:

### It is a partnership with a separate legal personality

Whilst having the characteristics of a partnership whose existence depends upon the continued existence of at least two of the partners comprising it, a limited liability partnership can own its own property and sue and be sued in its own name.

### It offers limited liability to all partners but does not affect liability in respect of personal debts or for losses caused by a partner

The maximum amount that a partner in a limited liability partnership could lose, if judgment were to be made against the limited liability partnership, would be his interest in the property of the limited liability partnership together with certain amounts paid to him from its property if it was, at the time, insolvent. He remains, however, fully responsible in respect of his own debts and losses caused by him.

### All partners must contribute their effort and skill to the partnership business

Partners are required to contribute their effort and skill to the partnership business.

Arrangements in relation to this will be a matter to be regulated by the partnership agreement.

### It must be registered and maintain its registration in Jersey

A limited liability partnership is an entity created by the Law and pursuant to registration under the Law. It has the protection of the Law for so long as and only whilst it is registered with the Registrar of limited liability partnerships in Jersey.

## What can they be used for?

Any kind of partnership may apply to register as a limited liability partnership. In considering applications for registration as a limited liability partnership, the regulatory authorities in Jersey have stated in their published guidance notes in relation to limited liability partnerships, that they will decide whether to grant a consent, either with or without conditions, or refuse a consent having regard to two factors:

- the need to protect the integrity of the Island in commercial and financial matters; and
- the best economic interests of the Island.

## How do you establish one?

### Registration

A limited liability partnership is established by registration. Application for registration is made to the Registrar of limited liability partnerships (the **Registrar**), an official appointed pursuant to the Law, by way of a declaration which must state various matters specified in the Law. The application is made by the partners wishing to be registered as a limited liability partnership. Fees are payable in connection with applications for registration.

Upon receiving an application which complies with the Law, the Registrar is obliged to register the limited liability partnership and to issue a certificate specifying the date on which registration will take effect. The certificate is conclusive evidence as to the registration of a limited liability partnership.

### Name

The name of a limited liability partnership must end with the words 'Limited Liability Partnership' although it may use the abbreviation 'LLP' or 'L.L.P.' in place of these words. The Registrar has power to require that names be changed if he considers them to be misleading or undesirable.

### Fees and consents

Consent under the Control of Borrowing (Jersey) Order 1958 (as amended) will need to be obtained for the creation of an interest in a limited liability partnership or the registration of a limited liability partnership.

Depending upon the business of the limited liability partnership, further Jersey regulatory consents may also be required, upon which specific advice must be sought.

## What are the administrative requirements?

### Registered office

A limited liability partnership must have a registered office in Jersey at which it is required to keep:

- a list showing, in alphabetical order, the name and address of each partner and indicating which of them is a designated partner;
- a copy of the declaration of limited liability partnership;
- a copy of the most recent annual declaration;
- a copy of any statement delivered to the Registrar under the Law and any certificate issued by him; and
- if the partnership agreement is in writing, a copy of that agreement and any amendment made to it.

These records are not available for public inspection.

### Designated partners

A limited liability partnership must have at least one designated partner who is responsible for carrying out certain administrative obligations of the limited liability partnership.

### Accounts and audit

The limited liability partnership is required to maintain for 10 years, accounting records which are sufficient to show and explain its transactions and to disclose with reasonable accuracy at any time its financial position. The accounts do not have to be audited unless the partnership agreement requires the appointment of an auditor.

### Annual declaration

Before the end of February in each year following the year in which it is registered, one of the designated partners of a limited liability partnership is required to deliver an annual declaration signed by him to the Registrar stating the name and address of every person who, on the first day of January of that year, was a partner in the limited liability partnership. If this is not done, each of the designated partners is guilty of an offence.

## Specified Solvency Statements

A specified solvency statement is a statement made by the limited liability partnership in the form specified in the Law as to its anticipated solvency for the subsequent 12 month period. A specified solvency statement may be made at any time and any specified solvency statement that has been made must be sent to the Registrar with the Annual Declaration. There is no requirement that a limited liability partnership must make a specified solvency statement but a limited liability partnership must not allow a partner or former partner to withdraw any limited liability partnership property unless a specified solvency statement has been made in the previous 12 months. If property is withdrawn at a time when there has been no specified solvency statement within the previous 12 months the partner is, in most circumstances, liable to reimburse the limited liability partnership for that property.

## Correspondence and documentation

A limited liability partnership is required to show on its letter heading, accounts, invoices, statements and other public documents, its name, the number (if any) assigned to it by the Registrar on registration and the words 'registered as a limited liability partnership in Jersey'.

## What information is available to the public?

The Registrar is required to record in the register of limited liability partnerships maintained by him any declaration, statement or copy delivered to him under the Law and the issue of any certificate by him and to keep documents delivered to him under the Law.

The documents recorded in the register and documents delivered to him are available to the public who may obtain a copy of any certificate issued by him and of all or any part of any document filed with him.

## How are they terminated?

There are three separate stages in the termination of a limited liability partnership:

- dissolution of the partnership;
- winding-up of the affairs of the partnership; and
- cancellation of the registration of the limited liability partnership.

## Dissolution

A limited liability partnership can be dissolved in the following ways:

- by agreement of the partners in accordance with the partnership agreement;
- if the number of partners in the limited liability partnership falls below two;
- by application to the Royal Court (in circumstances specified in the Law);
- pursuant to a declaration of *désastre* under the Bankruptcy (Désastre) (Jersey) Law 1991; and
- by recognition by the Royal Court of an order of a foreign court for the dissolution or winding-up of the affairs of a limited liability partnership.

A statement of dissolution must be delivered to the Registrar who will issue a certificate of dissolution.

## Winding-up

Following its dissolution, the affairs of a limited liability partnership must be wound up.

After the dissolution of a limited liability partnership, the authority of the former partners to bind the limited liability partnership continues to apply only insofar as it is required for the purposes of the winding-up. The Law specifies the person responsible for carrying out the winding-up in various circumstances.

During the winding-up period the limited liability partnership retains its separate legal personality unless the winding-up follows a dissolution caused by there being fewer than two remaining partners.

The Law specifies the order in which the liabilities of the limited liability partnership must be paid where accounts are settled in the course of its winding-up and specifies how the person winding up the affairs of a limited liability partnership is required to apply any payment made pursuant to the requirements for the financial provision.

## Cancellation of registration

Within 28 days after the completion of the winding-up of the affairs of a limited liability partnership, a statement that the limited liability partnership has been wound up, signed by the person responsible for the winding-up, must be delivered to the Registrar. The Registrar will then cancel the entry in the register relating to the limited liability partnership and issue a certificate of cancellation to the person delivering the statement to him. Upon cancellation of the registration the partnership ceases to have the benefit of the Law.

## How will they be taxed?

The taxation in Jersey of limited liability partnerships will be in line with other types of statutory partnerships in Jersey, like limited partnerships, separate limited partnerships and independent limited partnerships. Tax will be assessed on the partners of a limited liability partnership on their share of the income and gains of the limited liability partnership. No assessment will be raised on the limited liability partnership itself.

## Contacts

---

### Paul Martin

Partner, Mourant LP  
Jersey  
+44 1534 676 266  
paul.martin@mourant.com

### Felicia de Laat

Partner, Mourant LP  
Jersey  
+44 1534 676 137  
felicia.delaat@mourant.com

---

This guide is only intended to give a summary and general overview of the subject matter. It is not intended to be comprehensive and does not constitute, and should not be taken to be, legal advice. If you would like legal advice or further information on any issue raised by this update, please get in touch with one of your usual contacts. © 2018 MOURANT OZANNES ALL RIGHTS RESERVED

[Document Reference]