

Jersey Limited Liability Partnerships

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The Limited Liability Partnerships (Jersey) Law 2017 (the **LLP Law**) is the primary legislation governing the formation, administration and dissolution of Jersey limited liability partnerships (**LLPs**).

This Guide is intended to provide an introduction to the main features of the LLP Law and certain other legislation relevant to the operation of LLPs. It does not constitute legal advice which should always be sought in particular cases.

LLPs: What are they?

Jersey LLPs are a distinctive type of legal entity created by the LLP Law. They are different from general partnerships, limited partnerships and limited liability companies. An LLP has the following essential characteristics:

It is a partnership with a separate legal personality

Whilst the existence of the LLP depends upon it continuing to have two partners, an LLP has separate legal personality (though it is not a body corporate) and can therefore 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 an LLP could lose, if judgment were to be made against the LLP, would be their interest in the property of the LLP together with certain amounts paid to them from its property if it was, at the time, insolvent. They remain, however, fully responsible in respect of their own debts and losses caused by them.

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

Partners are required to contribute their capital or 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

An LLP is an entity created by the LLP Law and pursuant to registration under the LLP Law. It must maintain a registered office in Jersey.

What can they be used for?

LLPs can be used for a broad range of activities. In considering applications for registration as an LLP, the regulatory authorities in Jersey have stated in their published guidance notes in relation to LLPs, 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.

An LLP cannot be a "collective investment fund" within the meaning of the Collective Investment Funds (Jersey) Law 1988.

How do you establish one?

Registration

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

Upon receiving an application which complies with the LLP Law, the Registrar shall register the LLP and issue a certificate specifying the date on which registration takes effect. The certificate is conclusive evidence as to the registration of an LLP, subject to the right of the Registrar to remove material from the register that is inaccurate or derived from forgery, anything invalid or ineffective or done without authority.

Name

The name of an LLP 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 may refuse to register the LLP or direct that its name be changed if he considers it to be misleading or undesirable.

Fees and consents

Consent under the Control of Borrowing (Jersey) Order 1958 will need to be obtained for the creation of an interest in an LLP and/or the registration of an LLP.

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

What are the administrative requirements?

Registered office

An LLP must have a registered office in Jersey at which it is required to keep:

- a document containing the name and address of the current secretary and a list showing the name and address of each partner;
- a copy of the following documents:
 - the declaration of limited liability partnership;
 - the most recent annual confirmation statement;
 - any specified solvency statement made within the previous 12 months;
 - any other statement delivered to the Registrar under the LLP Law; and
 - any certificate issued by the Registrar under the LLP Law.

These records are not available for public inspection.

Secretary

An LLP must appoint a partnership secretary which must be a company or an individual and is:

- a partner in the LLP with a registered office or place of residence (as the case may be) in Jersey; or
- registered under Part 2 of the Financial Services (Jersey) Law 1998 to carry out trust company business.

The LLP must continue to have a secretary for the life of the LLP and any LLP that fails to do so commits an offence.

Accounts and audit

There is no obligation for an LLP to appoint an auditor, nor to have its accounts audited. However, the LLP must keep accounting records or returns that are sufficient to show and explain the LLP's transactions, and are such as to disclose the financial position of the LLP with reasonable accuracy at that time.

Specified Solvency Statements

A specified solvency statement is a statement made by the LLP in the form specified in the LLP Law as to its anticipated solvency for the following 12 month period. A specified solvency statement may be made at any time and a copy must be sent to the LLP's secretary within 28 days. There is no requirement that an LLP must make a specified solvency statement but an LLP must not allow a partner or former partner to withdraw any LLP 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 LLP for that property.

Correspondence and documentation

An LLP is required to show on its letter heading, accounts, invoices, statements and other official publications, 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'. An LLP that fails to comply with these requirements is guilty of an offence.

What information is available to the public?

The register of LLPs must contain any declaration, return or statement (or any copy of such document) delivered to the Registrar under the LLP Law as well as any certificate issued by the Registrar.

These documents are available to the public who may obtain a certificate issued by the Registrar and a copy of all or any part of any document delivered to the Registrar.

How are they terminated?

There are three separate stages in the termination of an LLP:

- dissolution of the LLP;
- winding-up of the affairs of the LLP; and
- cancellation of the registration of the LLP.

The provisions governing the termination of LLPs are contained in the Limited Liability Partnerships (Dissolution and Winding Up) (Jersey) Regulations 2018 (the **LLP Regulations**).

Dissolution

An LLP can be dissolved in the following ways:

- by agreement of the partners in accordance with the LLP agreement;
- if the number of partners in the LLP falls below two;
- by application to the Royal Court (in circumstances specified in the LLP Regulations); and
- pursuant to a declaration of *désastre* under the Bankruptcy (Désastre) (Jersey) Law 1990.

In addition, the Registrar may issue a notice of intended dissolution which will allow the LLP three months to remedy any non-compliance with the LLP Law. A notice of intended dissolution may be issued:

- if the Registrar has reason to believe that the LLP is not carrying on business;
- if the secretary has failed to send the Registrar any annual confirmation statement or specified solvency statement as required by the LLP Law;
- if the LLP has failed to do any of the following:
 - appoint a secretary;
 - provide its secretary with any accounting records or annual confirmation statements;
 - pay any fees as required to be paid under the LLP Law; and
- if the LLP does not have a registered office in Jersey.

If the non-compliance is not rectified within three months, the Registrar may issue a certificate of dissolution in respect of the LLP.

Continuation of LLP

Following the dissolution of an LLP, but before completion of the winding up of its affairs, two or more partners may continue the LLP in accordance with the LLP Law. In such circumstances, the statement of dissolution shall be cancelled and the Registrar shall issue a certificate to that effect.

Winding-up

Following its dissolution, the affairs of an LLP must be wound up.

The LLP Regulations provide for the winding up of LLPs and set out in detail the procedures to wind up in both solvent and insolvent situations.

A solvent LLP will be wound up by a dissolution manager. In the event of the dissolution of the LLP where the number of partners falls below two, the dissolution manager shall be the person who was the last remaining partner. In the event of the dissolution in any other circumstances the dissolution manager will be the person appointed by the partners for the purpose or, if none, shall be all of the partners jointly. The Court has power to appoint or remove a dissolution manager upon certain circumstances as set out in the LLP Regulations.

An LLP which is insolvent at the time of dissolution or becomes insolvent thereafter shall be wound up by an insolvency manager appointed in accordance with the LLP Law. If a dissolution manager is appropriately qualified, they may be appointed as the insolvency manager. The LLP Regulations specify the extent to, and means by, which the insolvency manager must engage with creditors in respect of the winding up of an insolvent LLP.

Cancellation of registration

Within 28 days after the completion of the winding-up of the affairs of a solvent LLP, a statement that the LLP has been wound up, signed by the dissolution manager must be delivered to the Registrar. The Registrar will then cancel the entry in the register relating to the LLP and issue a certificate of cancellation.

The Registrar shall also issue a certificate of cancellation upon receipt of certain specified information from the insolvency manager upon completion of the winding up of an insolvent LLP, or where they have been notified under Article 36(3) of the Bankruptcy (Désastre) (Jersey) Law 1990 that the LLP has been wound up.

How will they be taxed?

The taxation in Jersey of LLPs will be in line with other types of statutory partnerships in Jersey, like limited partnerships, separate limited partnerships and incorporated limited partnerships. Tax will be assessed on the partners of an LLP in respect of their share of the income and gains of the LLP. No assessment will be raised on the LLP itself. Profits or gains derived by a partner who is not resident in Jersey from international activities of an LLP are not subject to Jersey income tax.

Contacts

A full list of contacts specialising in corporate law can be found [here](#).