

# SCOTTISH LIMITED PARTNERSHIP

## Summary

Scotland is a country that is part of the United Kingdom, being the northern third of the island of Great Britain. Scotland includes over 790 islands including the Northern Isles and the Hebrides. The capital city of Scotland is Edinburgh.

Scotland has a completely different legal system than that of England and Wales and it stems from two main sources, enacted law and common law. The currency used in Scotland is that of the Great British Pound.

## The Company

A Scottish Limited Partnership may be formed under the Limited Partnership Act 1907 (LPA 1907). The partnership requires at least one limited partner and at least one general partner. The general partner will be responsible for the management of the partnership and is the only partner whose liability is unlimited. Each limited partner's liability is restricted to his capital contribution and any undrawn profit.

The legal position of any firm in Scotland is as a distinct legal person separate from its members, (by definition persons who have entered into partnership are a "firm"). As a distinct legal entity, there is no requirement to list the partners on the letterhead.

## Formation and Administration

Partnerships can be formed by verbal or written agreement, (written agreements are always preferable). Limited liability will only commence after proper registration with the Registrar of Companies. Registration is completed by delivering a statement of particulars and completed Companies house forms to the Registrar of Companies office in Edinburgh. The information required by the Registrar includes:

- The firm name
- The general nature of the business
- The principal place of the business
- The full name of each partner
- The term of partnership (if any), date of commencement
- A statement of limited liability
- Original capital contributions of each partner

No capital duty is payable on capital contributions.

## Taxation

The partnership itself is not subject to UK income tax and instead the partners are assessed on their share of the profit. Therefore, in the case where the partners are not UK residents and there is no UK source income, no UK income tax would be payable.

The General Partner will register for VAT rather than the partnership itself, (registration forms should be completed in the name "General Partner trading as Partnerships name"). As a result the General Partner cannot be a partner in more than one Scottish Partnership as separate VAT numbers could not be obtained.

## Accounting and Annual Returns

Accounts are required if all the members of all partnership are limited companies. However, such accounts do not need to be filed with Companies House.

UK corporate partners will, however, need to file the partnership accounts with the company return and accounts.

Any administrative changes, (including a change in members), must be notified and filed to the Registrar.

## Types of Companies

### Formation

<b>Company name:</b>	Shelf companies are being provided
<b>Authorized capital:</b>	<b>No minimum</b>
<b>Partners:</b>	<b>At least one limited partner and at least onr general partner</b>
<b>Registered Office:</b>	<b>Yes</b>
<b>Accounts:</b>	<b>Only if all of the members of the company are limited companies</b>
<b>Filling of Accounts:</b>	<b>No</b>
<b>Audit Financial Statements:</b>	<b>No</b>
<b>Filling of Annual Returns:</b>	<b>Yes</b>

## Summary

A Scottish Limited Partnership is a cost-effective tax free entity that can be used tax efficiently in trading structures, especially where the activities are undertaken outside of the UK. The Scottish Limited Partnership can also be used to undertake an investment business. In summary, a Scottish Limited Partnership provides a UK image to international structures without incurring UK tax charges.

### Contact us

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